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The PUBLIC ADMINISTRATION ISSUES journal has been published at the National Research University Higher School of Economics (HSE) in Moscow, Russian Federation since 2007.

The mission of the journal is to create a modern platform of full value for discussion, exchange of international and national experience and specific knowledge among professionals in the field of Public Administration; for working out and further correcting the development strategy of public and municipal administration.

The editorial policy is to provide a very clear emphasis on the specific subject along with a focus on the interconnection of the proper public administration problems with the relative economic, legal, political science and managerial problems, including the interaction of the state and civil society.

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## GUEST EDITORS' INTRODUCTION

# CONTEXT AND PUBLIC MANAGEMENT PERFORMANCE: NEW CASES FOR NOVEL INSIGHTS

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## The articles in this collection

The articles in this Special Issue provide insight into the public management phenomenon beyond the developed West. These articles are diverse in their perspective but nevertheless all focus on the challenges for public management in contexts that do not necessarily share the assumptions of those in which the key public management concepts were developed. In this section, we briefly summarize these contributions and also make some connections between them and the common underlying theme.

Frontline civil service workers interface directly with citizens and also tend to have a surprising amount of discretion. Especially in developing countries, where pay is insufficient to provide a decent quality of life, front-line workers may leverage their discretion and extract bribes from citizens as a condition of public service provision. This type of petty corruption can undermine citizens' trust in government and is very difficult to address. L. M. Ngich and W. Cho focus on the issue of police corruption in Southeast Asian countries, where the practice of law enforcement is known to have a distinct lack of im-

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partiality. The authors provide a systematic review of the literature dealing with police corruption in Southeast Asia and detail the various instruments that have been proposed to deal with it. Institutional reform, both of police organizations as well as oversight bodies, such as anticorruption agencies, are popular recommendations among scholars. Interestingly, though, the possibility of public participation, both direct participation by citizens as well as civic organizations, is a relatively popular proposal for reducing police corruption. This is despite the fact that, as the authors note, this link has insufficient evidence in the empirical literature. Of course, however, the most important theme for fighting police corruption among the examined articles relates to strengthening the political will to do so. The authors suggest that without political will, other strategies alone may be ineffective, and therefore that political will may be a necessary condition to reduce police corruption.

Political will, of course, is not only critical for the reduction of petty corruption, but is also critical for the overall improvement of public sector management as a whole. O. M. Ikeanyibe, J. Obiorji, N. O. Osadebe and Chuka E. Ugwu go to the heart of this matter with their piece on political will (or the lack thereof) for the improvement of public management on the African continent, and specifically in Nigeria. Although the politics-administration divide has never been as absolute as early public administration theory envisioned it, Ikeanyibe and co-authors describe a situation in which political considerations permeate the implementation process and therefore undermine efforts for genuine performance-based reform before they can even get underway. The authors suggest that a disproportionate emphasis on bureaucratic quality is misplaced in a context in which incentives and opportunities for interference in the public service are abundant. Based on a detailed review of both of the contextual characteristics of the politics-administration division in Nigeria, the authors argue that the Common Assessment Framework as well as the African Peer Review Mechanism can provide counter incentives for interference in the administrative sphere and thereby strengthen the possibility of a credible commitment on the part of politicians for results-oriented public management reform.

A deficiency of political will stands as a barrier to public management reform. One way to address this, as the Nigerian case suggests, is to strengthen the role of external actors that have a stake in public management reform. Providing additional insight into this phenomenon, Ngoc Ha Pham and Thi Hong Hai Nguyen focus on the case of the Ministry of Agriculture and Rural Development in Vietnam, which has implemented an impressive program of results-based planning that has transformed its traditional planning model. The Vietnamese government has long played a significant role in the development of the country, with five-year national development plans being its main instrument of policy implementation and central-local coordination. The new results-based planning approach was designed and adopted to address known deficiencies of the traditional approach, including a lack of clarity and development objectives, weak links between development plans and budgetary resources, and generally ineffective performance monitoring and evaluation. The authors provide an overview of Vietnam's adoption of results-based planning, and further provide a quantitative analysis of how leadership, training,

and international donor support are effective instruments to increase employee commitments to results-based planning and improve outcomes.

A further contribution relevant to the efficacy of performance management in developing contexts is made by A. Rodas-Gaiter and P. Sanabria-Pulido, who focus on the legitimacy of performance appraisal among local government officials in Columbia. Since 2004, Columbia's National Civil Service Commission has continued to iterate the country's mandatory performance assessment framework, which plays a key role in promotion and other human resource decisions throughout the government. However, as the authors note, the level and quality of implementation of performance assessment varies throughout the country, and, as is common to many developing country contexts, there remains a gap between the actual and expected results of performance assessments, and many managers struggle to use the tools effectively. Arguing that the perceived legitimacy of the performance appraisal system is a critical component of its efficacy, the authors develop a theoretical model capturing the drivers of such legitimacy. Empirical research suggests that some performance management initiatives may have little effect on motivation if they poorly operationalized at the employee level, and the authors demonstrate that both managerial quality and goal alignment can enhance the perceived legitimacy of performance assessment, further discussing the practical implications of their research for public managers in Columbia and elsewhere.

Our Vietnamese and Colombian cases explore public servant perceptions of public performance management in the developmental sphere. However, increasingly, governments have sought to use performance-based techniques in diverse areas. Even as the challenges of performance management vary based on context, however, the specificities of a particular policy domain can also interact with context in order to produce novel challenges. V. Burksiene and J. Dvorak article on implementing performance management in Lithuania's Curonian Spit National Park brings this issue to light. Like many national parks around the world, administration of the Curonian Spit needs to balance access and usage with preservation, which introduces competing goals and therefore a certain level of complexity into the performance management equation from the outset. Adding to this technical challenge, however, the authors argue that the successful management of the national park requires the active involvement of local stakeholders, which presents an additional set of challenges due not only to the relatively lower capacity of local government but also the lack of participatory political traditions in Lithuania. Although a difficult problem to solve, the authors suggest that leadership may be a critical component in facilitating greater stakeholder involvement in the management process.

An additional example of performance-based management appearing in less likely places, Se-Hee Kim details the usage of performance management by the National Museum of Modern and Contemporary Art in South Korea. Like the delicate balance between utilization and preservation in the management of protected areas, fine arts museums also need to balance several different and potentially competing goals, such as iterating their core collections vs attracting visitors with flagship exhibits. Since its transformation into an executive agency in 2006, performance-based controls have increasingly come to substitute for more direct



mechanisms. However, as Kim demonstrates, although the performance management system has facilitated a move towards formal independence, because the goals of the museum have shifted over time with each directorate, doubts can be raised about how well the system as a whole accurately captures performance.

As the Lithuanian and Korean cases show, extending performance management systems to areas with complex goals is challenging, and the individual context of each country has additional features that need to be considered in system design. Agiamoh contributes to this discussion through an examination of Moscow's ongoing efforts to improve the performance of local waste management systems by increasingly leveraging market signals. Creating a zero waste city, wherein waste can be treated as a resource and priced accordingly, is an ambitious goal that is approximated by only a handful of cities worldwide. However, through greater stakeholder involvement, accreditation of additional recycling firms, and inter-city collaboration, positive steps have been taken. At the same time, the shift to a more market-based approach to waste management has faced difficulties due to its incompatibility with the centralized, bureaucratic approach that has historically been used. Ultimately, Agiamoh suggests that city officials keep in mind specific features of the Moscow municipal context when benchmarking other international cities and designing policy.

In some formulations, public management initiatives are designed to incorporate market signals into the managerial decision-making process in order to allocate scarce resources efficiently. At the same time, seldom is a formally autonomous organization entirely free from external bureaucratic controls, and moreover, especially for complex public services, such as administering health care, community involvement can be an additional source of control. Sapparojpattana's study of Thailand's Ban-Phaeo Hospital demonstrates how a multitude of forces, values, and public management strategies contribute to the governance of the country's only private-style managed hospital. Bureaucratic, professional, and community controls shape the behavior of managers, affecting goal setting, planning, and investment decisions. While such a governance arrangement is complex, it nevertheless contributes to the legitimacy and effectiveness of one of the country's most important medical institutions.

Finally, Seoh and Im look into factors that affect the performance of research and development (R&D) across a range of developed countries. Although such research does not focus on a specific context outside of the developed West, it nevertheless lays bare the conditions underlying high-performance R&D contexts that can further be explored in diverse settings.

This collection of articles sheds light on the various conditions underlying public management beyond the developed West. By detailing some of the important institutional, economic, and organizational features of the cases in these studies, we hope to provide additional data that can be fed into theoretical models and result in a more comprehensive, context-aware perspective for public management. By making the implicit contextual conditions underlying theories of public management as well as successful public management reform explicit, we hope that this collection of articles contributes to a richer understanding of the contingent nature of public management performance in the public sector.



# ADDRESSING POLICE CORRUPTION IN SOUTHEAST ASIA: POLITICS, PARTICIPATION, AND PUBLIC MANAGEMENT REFORM

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## **Abstract**

As people's interests and concerns on public safety have risen in Southeast Asia, academia has witnessed the growth of public management research on police corruption in the region. Little effort has been made to systematically analyse police corruption studies in Southeast Asia, therefore, we investigate what has been researched on police corruption in Southeast Asia in the field of public management. We present what research focuses there have been regarding anti-corruption measures and how they have changed over the last two decades, and then we offer suggestions for future research on this topic. Our analysis shows that political will was the most studied strategy in managing police corruption in the region, while anti-corruption agencies, police institutional reform and public participation have also been emphasized over time. Each Southeast Asian country places different emphases on these themes depending on the country's unique context and experiences.

**Keywords:** police corruption; Southeast Asia; public management; political will; anti-corruption agencies; institutional reform; public participation; transparency.

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## Introduction

Corruption has been identified as one of the most challenging hindrances for the well-performing public sector in developing countries in Southeast Asia (Jain, 2001), which is in turn hampering the socio-economic development that many governments in those regions are desperate to achieve. Among government institutions or organizations, the police department is typically known as one of the most problematic institutions that public management reforms should take strong actions on (Transparency International, 2014, 2019). Corrupt police might even strengthen the perspective of the public that there is impunity for crimes (Cho, 2017; Newham, 2000), which ultimately undermines the public's confidence in the trustworthiness and reliability of the whole justice system (Bruce, 2008).

Because corruption is a concern in most countries in Southeast Asia, many researchers of the region have been looking for a suitable anti-corruption strategies model (Graycar & Sidebottom, 2012; Huberts & Six, 2012; Johnston, 2005, 2013; Lasthuizen, Huberts, & Heres, 2011; Quah, 2013; Zhang & Lavena, 2015). International organizations and international scholars have shown interest in corruption phenomenon at a national level. For example, Johnston (2013) presented forms of corruption many countries are facing and classified four syndromes of corruption. The World Bank (2000) presented an anti-corruption model that focuses on multiple strategies which are enhancing political accountability, empowering participation from civil society, encouraging competitiveness in the private sector, and improving management practices in the public sector.

Southeast Asia has been of growing importance in international communities for its size and economic potentials (Sagarik et al., 2018), while corruption and public safety have been one of the major barriers for transnational businesses and foreign investment in the region. There is a need for understanding what we have already studied about police corruption in Southeast Asia. This research aims to collect and analyse academic research on police corruption in Southeast Asia in order to inform future researchers and policy-makers with a systematic review of knowledge in the issue. This study will also analyse how studies have approached the counter-corruption measures in police in Southeast Asian countries, based on an analytical framework drawn from the work of Quah (2013), Vu (2017), Newburn (1999), and Transparency International (2012, 2018a).

## Context: Police Corruption Status in Southeast Asia

Police corruption is a worrying issue among countries situated in Southeast Asia. A TI survey from 2017 showed that 51 percent of respondents perceived the police as corrupt (Transparency International, 2018b). Although this represented a small decrease in the number of people who believed the police institution was corrupt, it was still a pretty serious issue. Table 1 shows that police institutions are perceived to be highly corrupt in some Southeast Asian countries, although data is not available for countries like Singapore, Timor-Leste, Philippines, Brunei and Laos.

Table 1

### Percentages of perceived police corruption in Southeast Asia

Countries	Percentages of perceived police corruption, %
Singapore	N/A
Malaysia	20–30
Indonesia	30–40
Thailand	40–50
Timor-Leste	N/A
The Philippines	N/A
Vietnam	50–75
Brunei	N/A
Myanmar	40–50
Laos	N/A
Cambodia	40–50

**Source:** Transparency International.

Many measures have been proposed to reduce police corruption in Southeast Asia. These are usually centred on institutional reform, such as by introducing changes in the environment or organizational culture and the way the police forces are recruited and trained (Bayley & Perito, 2011). There are other suggested strategies for combating police corruption. These include using integrity tests in the police force (Prenzler & Ronken, 2001) to check for their complaint profiles (Prenzler & Ronken, 2003). The World Bank (1997) suggests that the public should be involved in fighting corruption at all levels.

There is a mixture of measures used in different countries in Southeast Asia. For instance, in 1952, Singapore was the first country to establish a single and independent anti-corruption agency, called the Corrupt Practices Investigation Bureau (CPIB). Indonesia encourages people and civil societies to be involved in reporting police corruption cases (Allen et al., 2020). The government of the Philippines uses quite extreme approaches in punishment for police who are corrupt.

## What is police corruption and how can we deal with that:

### Concepts and framework

Corruption is commonly defined as “the abuse of public or corporate office for private gain” (World Bank, 1997, p. 8). Transparency International (2015a) extends this definition, and states that corruption could be categorized into three types: grand, petty, and political corruption. This depends on the amounts of money involved and the scope of corruption. Johnston (2013) emphasized two keywords when he defined corruption: “public roles” and “resources”. Despite at-

tempts to give definitions to the term corruption, there is no single agreed definition. Therefore, international organizations, such as the United Nations Convention against Corruption (UNCAC) and the OECD, instead of defining the term, describe particular crimes regarded as corrupt practice (U4 Anti-Corruption Resource Centre, 2010).

The term “police corruption” is defined similarly to the term “corruption” in general as it is a form of corruption committed by public bureaucracy. Nye (1967, p. 416) defines police corruption as “behaviour that deviates from the formal duties of a public role (elective or appointive) because of private-regarding (personal, close family, private clique) wealth or status gains”. Therefore, police corruption is an act by a police officer (regardless of their rank) in providing information, using his or her rights or power to offer any support to a third party without permission, or illegally disobeying organizational rules in exchange for money or valuable goods or services from a third party.

The literature on corruption prevention is reviewed to guide this research with an analytical framework. Researchers have conducted studies on police corruption in different countries with different focuses, and this article employs an analytical lens from previous works relevant to the region: Southeast Asia. Quah is an Anti-Corruption consultant based in Singapore and his work focuses on how Singapore has turned from a highly corrupt country to one of the least corrupt countries in the world. Quah (2006, 2014) studied Singapore’s anti-corruption strategy and describes how the country was successfully curbing corruption. Many researchers in this field have followed his framework.

Quah’s work is mostly intended to show the reasons why Singapore has been a successful country in controlling corruption, while Newburn’s five strategies targeted at police corruption could be more applicable in many other contexts. Transparency International (2012, 2018b) analyses the occurrence of corruption in different countries. The research of Transparency International is somewhat similar to the framework from previous researchers which could help frame a means of police reform. Vu (2017) shows that Quah’s institutional framework in fighting corruption should be revised in Vietnam because other factors play critical roles in making corruption persistent in this country. These factors include history and culture, economic management, and the administrative system of the country. Buttle, Davies, and Meliala (2016) suggest a cultural constraint theory of police corruption in Indonesia, which explained why corruption occurs in this country. Gutierrez-Garcia and Rodriguez (2016) proposed that achieving reductions in police corruption also needs other social indicators, such as welfare and benefits, to be improved. Zhang and Lavena (2015) analysed case studies of anti-corruption strategies in different countries, namely Singapore, South Korea, Qatar, and the UAE. They found that some anti-corruption strategies are effective because anti-corruption laws are strictly enforced and implemented, anti-corruption institutions are empowered, and public engagement is involved.

In this article, we use an analytical framework inspired by Quah’s work to analyse the research focus of police anti-corruption measures, but we modified his model with the other research which complement each other. We analyse public participation, police institutional reform, anti-corruption agency, and political

will as counter-measures for police corruption in Southeast Asia. The framework of this research integrates the critical points from multiple sources. The checklist for curbing police corruption is created with the four themes because the researcher believes that both internal and external institutions are required.

### **Political will**

Transparency International (2015b) defines political will as politicians' commitment to addressing problems society is faced with, namely supporting reform nationwide and responding with well-planned policy. Political will from the government and external pressure have been discussed to contribute to the effectiveness of anti-corruption strategy design and implementation. Quah (2013) argues that the success of effective anti-corruption strategies in Singapore are from a government that has a strong political will to curb corruption, which in turn placed enough resources for the anti-corruption institution to use. Scholars have described political will as one of the most important elements in promoting good governance and reducing corruption. If there is weak or a lack of political will, then anti-corruption reform cannot harvest the results it is aiming for (Persson et al, 2013). Kpundeh and Hors (1998) state that political will is of crucial importance in strengthening transparency and accountability in practice because without authentic willingness to reduce corruption, there will be only words and statements.

Senior (2006) points out that politicians will use their authority to reform, adopt laws, and offer sufficient resources and funds for the implementation of designed strategies when they have the political will. In the same vein, Quah (2013) asserts that there is political will when a country has introduced comprehensive anti-corruption regulations, and the anti-corruption agency is independent and equipped with adequate staff and funds.

As far as the external environment and external controls are concerned, it is believed that police are corrupt because of pressures from outsiders or the environment around them. Therefore, rather than targeting change in police organizations, a policy aiming to restructure the social environment is of great importance (Newburn, 1999). Sherman (1978b) states that external pressure, mainly resulting from a rampant corrupt political setting, contributes to corrupt practice in police units.

### **Public participation**

Public participation is defined as involvement of individuals/groups that are affected by a proposed intervention subject to a decision-making process (World Bank, 2006; Cho & Ho, 2018). According to Verdenicci and Hough (2015), when citizens were encouraged to act as whistle-blower reporting any experiences of corruption through a participatory initiative, corruption may well be discovered. For example, Bhargava (2015) presented the results of public participation in different countries and showed that a variety of citizens' activities can have different effects at different levels and dimensions. These include better management of finance, natural assets, and delivery of a public service with accountability by monitoring, using citizen report cards and interest litigation. Ackerman (2004) suggested that if provided opportunities, citizens can request accountability from state institutions

and reduce room for corruption through different approaches by being involved in promoting transparency. More access to public information encourages people to punish elected officers and select those more accountable for the next elections.

### **Anti-corruption agencies**

The OECD (2013) states that anti-corruption agencies (ACAs) are established to solve and reduce corruption issues through their main functions. The five functions of ACAs are to investigate and prosecute, prevent, educate and raise awareness, coordinate, and monitor and research corruption. Roles of ACAs are different in different contexts. Some ACAs are responsible for enforcing the law, while others take on preventive roles or other roles simultaneously. Some countries do not have any specific ACAs, but the government agencies have divisions to combat corruption (the OECD, 2013). UNDP (2011) focus on the capability of ACAs in performing their roles, including skills, expertise in investigation and prosecution, and ability to use technical resources to solve corruption cases. On the other hand, Quah (2011) argues that without law enforcement, ACAs' roles in detecting and punishing those found guilty is low. This is also a main justification for ineffective anti-corruption reform when law is not enforced strictly in some Asian countries, while countries with strong law enforcement succeed in controlling corruption to a satisfactory degree.

### **Police institutional reform**

The last element is the effect of a country's policy context on anti-corruption reform. Enhancing the effectiveness of anti-corruption efforts requires a favourable policy context (Quah, 2013; Brinkerhoff, 2000). This is because the external environment could contribute to the results of anti-corruption measures and initiatives. Policy context includes geography, history, economy, demography, and politics of a country. All of these environmental factors can potentially affect the decision-making of political leaders either positively or negatively (Quah, 2011).

The first strategy focuses on the methods used to recruit police, which include pre-employment screening (Arrigo & Claussen, 2003; Dantzker, 2011). The selection has the aim of detecting a person's character, which might influence their integrity. Furthermore, the way police are trained to differentiate right and wrong conduct is also counted as a measure to prevent police from committing corruption (Lamboo, Lasthuizen, & Huberts, 2008). In addition to this, developing pride in the police unit is regarded as a method of human resource management to prevent corruption. This is based on the assumption that if police officials are in charge of law enforcement, they will be more careful and prevent themselves from committing crimes and corruption since they are proud of their roles (Newburn, 1999). A higher level of measure to regulate police corruption is holding police supervisors accountable for the conduct of subordinate police officers under their control (Klaver, 2013).

The policies proposed by Newburn in anti-police corruption are involved with endorsing the adoption of ethical codes in the police work culture. This policy is also supported by police units. For instance, the International Association of Chiefs of Police (2014) introduced a set of standardized codes of conduct for the police. Another strategy to combat police corruption is through the creation



of more responsibility for police supervisors and the nature of ethics commissions. This entails putting them in charge of endorsing the ethical code in their departments and offering a confidential consultation to police when they are faced with ethical problems (Newburn, 1999; Punch, 1994). Additionally, as shown by Small and Dickie (2003), providing rewards when police demonstrate high ethical behaviours can prevent them from becoming corrupt.

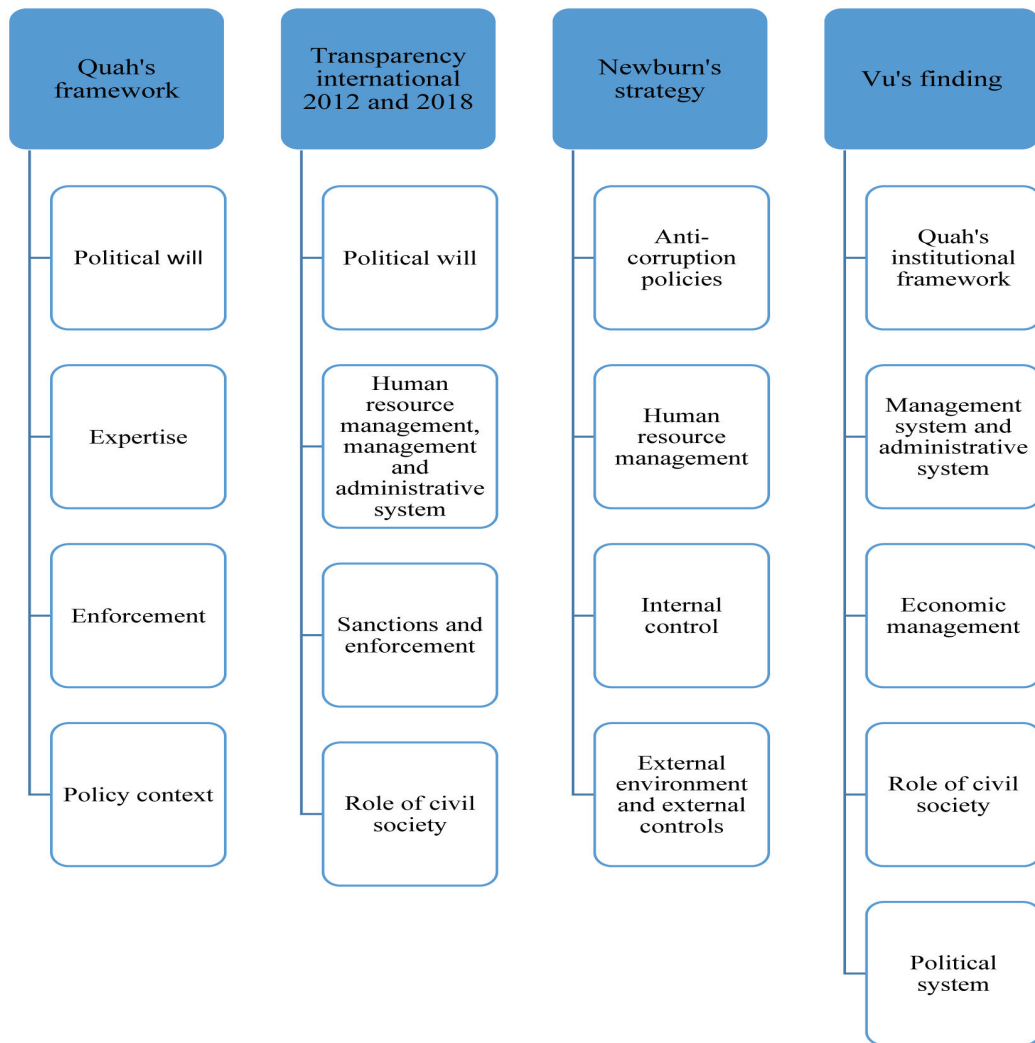
Regarding the internal control measure, this aims to improve the procedures of police units internally. Namely, Newburn (1999) suggested a set of eliminating corruption-prone processes. Furthermore, this strategy might lead to the establishment of supervision programs for police officials. This can be seen in the case of Australia where the Victoria Police used reports recorded by citizens to create an early warning scheme of police officials (Macintyre, Prenzler & Chapman, 2008). By doing this, complaints filed by citizens about a particular police official accumulate to warn of potential and severe misconduct committed by that police officer. A further successful technique under the internal control policy in reforming police institutions can be seen in the case of Georgia. Di Puccio (2010) found that in Georgia, police corruption is reduced due to an increase in salaries, the restructuring of the public image of the police unit, and the endorsement of a new governing agenda. Another typical type of internal control for anti-corruption in the police institution is using secret officials to supervise and inspect possible corruption practice (Girodo, 1998). In addition, tests for police integrity and polygraph tests are widely used for internal control purposes (Prenzler, 2009).

Table 2

### Summary of the relevant theoretical frameworks

Quah's framework on effective anticorruption strategy	Vu's finding on persistence of corruption in Vietnam	Newburn's five strategies to curb police corruption	Transparency International 2020, World Bank	Transparency International 2018
<ul style="list-style-type: none"> <li>– Political will</li> <li>– Expertise</li> <li>– Enforcement</li> <li>– Policy context</li> </ul>	<ul style="list-style-type: none"> <li>– Quah's framework</li> <li>– History</li> <li>– Culture</li> <li>– Economic management</li> <li>– Public administration</li> <li>– Political system</li> </ul>	<ul style="list-style-type: none"> <li>– Human resource management</li> <li>– Anti-corruption policies</li> <li>– Internal control, and</li> <li>– External environment and external control</li> <li>– Possible unintended consequences of corruption control</li> </ul>	<ul style="list-style-type: none"> <li>– Institutional reform</li> <li>– Community policing</li> <li>– Role of civil society</li> </ul>	<p>Preventative approaches</p> <ul style="list-style-type: none"> <li>– Human resource management systems</li> <li>– Management and administrative systems</li> <li>– Leadership</li> <li>– Building ethical culture and professionalism</li> <li>– Engaging with the community</li> </ul> <p>Punitive approaches</p> <ul style="list-style-type: none"> <li>– Stricter sanctions and enforcement rules</li> <li>– Internal accountability</li> <li>– External oversight</li> <li>– Effective complaints mechanisms</li> </ul>

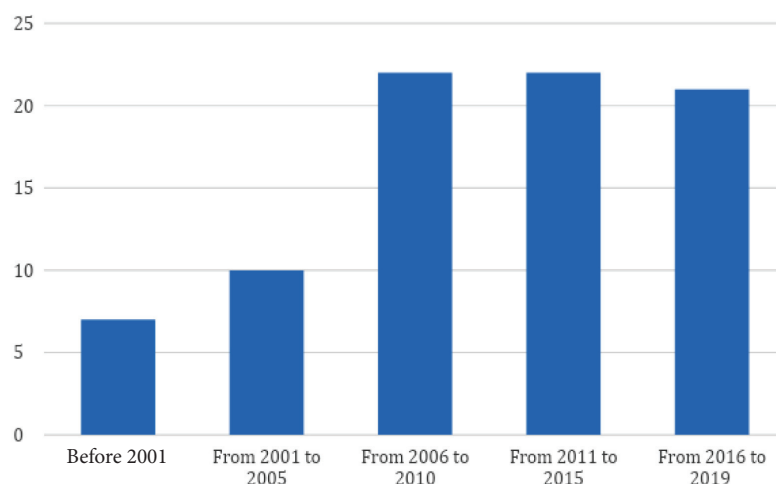
Figure 1: Relationship between relevant theoretical frameworks



## Data and Method

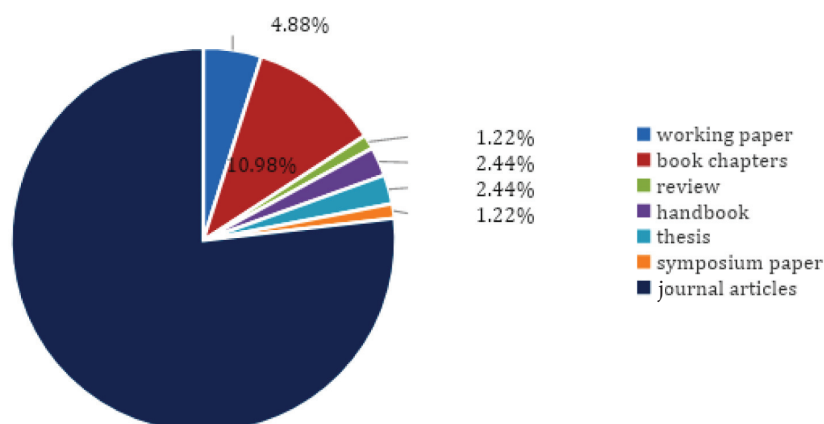
To conduct a systematic literature analysis, this research used secondary published data from various sources. The timespan of the selected articles ranged from 2001 to 2019. However, the references therefore are mainly from peer-reviewed journal articles, but we included handbooks, book chapters, working papers, and theses if they were academically oriented. Web of Science is used as a systematic way of collecting the data. The keywords used to locate the selected materials were “police corruption,” “Southeast Asia,” “transparency,” and “police reform.” De Montfort University (1989) suggests using keywords to allocate relevant sources when researchers use databases to find pertinent articles or information. Country names are used as keywords to locate articles too. These are “Singapore, Malaysia, Brunei, Indonesia, Thailand, the Philippines, Myanmar, Cambodia, Laos, Vietnam, and Timor-Leste.” A total of 82 articles were collated for analysing. The articles then were skimmed to assess against the themes and sub-themes in the conceptual framework.

**Figure 2: Number of articles on police corruption in Southeast Asia over time**



Eighty-two articles were collected and analysed to examine the trends of police corruption-related articles in Southeast Asia. There has been an increase in the number of published articles studying corruption related to police departments or other fields in Southeast Asia. Before 2000, only seven articles relating to police corruption in Southeast Asia were published. From 2000 to 2005, ten articles were published. This number has increased considerably over the last 15 years. It is evident that researchers are more concerned about police corruption in these countries, and more documents and data related to this issue are available.

**Figure 3: Sources**



Some articles were not published in journals but in other academic sources, such as book chapters and handbooks. Because this study is concerned with academic research, journal articles are the most critical and typical source. As shown in Figure 3, the majority of sources of this study are from journals (63 of the 82 articles are published in journals), while the remaining 19 articles are from handbooks, book chapters, working papers, and theses.

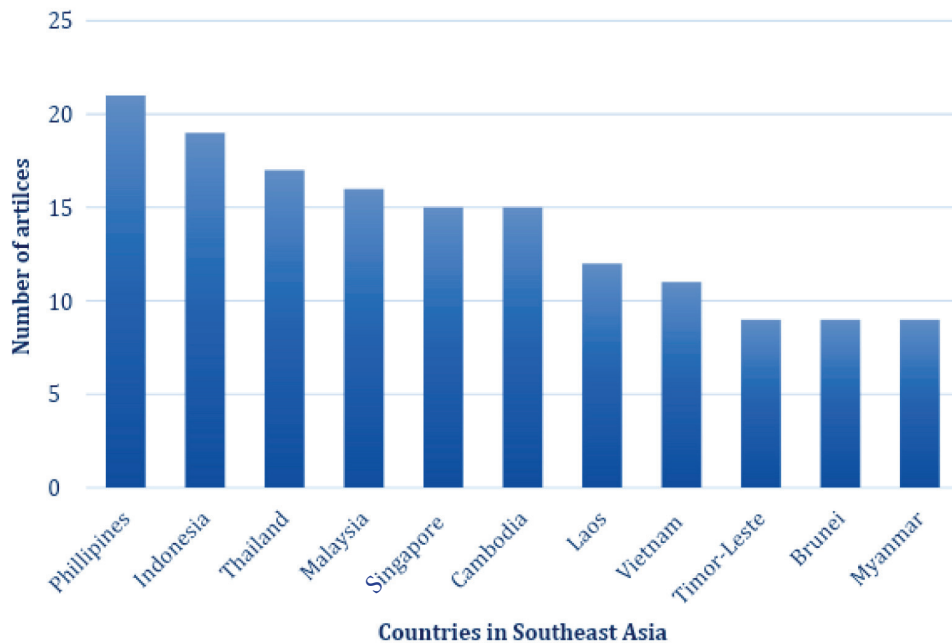
*Figure 4: Total number of police corruption articles by country*

Figure 5 demonstrates the number of articles (out of 82 in total) in which the name of the country appears. Most of these articles are single country-oriented; however, there are a few articles that include all of Southeast Asia. Other articles compare two or more countries. From Figure 4, the most studied country is the Philippines (11 articles) followed by Indonesia (8 articles). On the other hand, Brunei, Myanmar, and Timor-Leste are the least studied by researchers. Similarly, looking at Figure 5, the Philippines (21 articles), Indonesia (19 articles) and Thailand (17 articles) are the countries that have been studied the most concerning police corruption among 11 countries in Southeast Asia.

## Findings

Table 3 summarizes the main themes appearing in the articles collected. Besides the four themes in the conceptual framework, there are other themes mentioned in relation to police corruption in Southeast Asia. In the following sections, graphs are used to show findings and descriptive statistics.

From the conceptual framework, our analysis focuses on four main themes in anti-corruption measures: political will, ACAs, police institutional reform, and public participation. As shown in Figure 6, 54 articles mention political will or political commitment, while 43 articles present the concepts of ACAs and police institutional reform equally, and 32 articles raised the concept of public participation. Political will is found to be the most-studied theme among the four aspects, while public participation is the least discussed theme.

Figure 5 shows that in every period, political will has been the most studied focus of the articles, although other topics have increased in proportion. Before

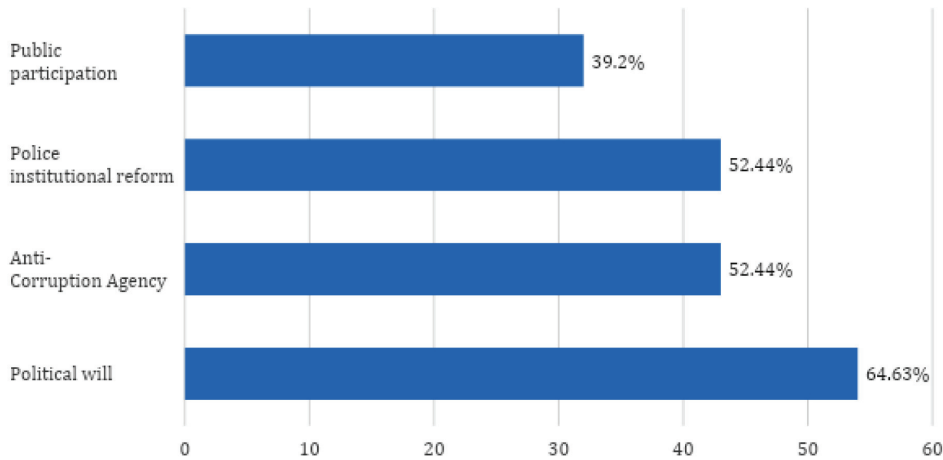
2005, police institutional reform was the second most mentioned theme, followed by ACAs. However, the trend reversed after 2010 and public participation started to appear in articles even more than ACAs and almost equally to police institutional reform. Before 2001, not one article mentioned public participation. The percentages rose considerably, to almost 27% from 2001–2005, making it the second most mentioned theme. In subsequent time periods, the mention of public participation in journal articles has decreased considerably. Interestingly, there were big gaps among the four themes in the first three periods. However, these gaps started to narrow from 2011. This implies that the other three themes are given more attention as with political will. Political will in most of the articles is described as a prerequisite condition to fight police corruption. Quah (2013), Vu (2017), and Gregory (2016) argue that countries that have governments with strong political will who allocate resources and empower ACAs to educate, prevent and investigate corruption-related crimes are likely to succeed in reducing police corruption. However, many scholars and international institutions suggest that in addition to political will, multiple solutions should be employed, including reforming police institutions, educating the public, engaging the public and civil society, and empowering ACAs as an independent institution (Ackerman, 2004; World Bank, 2006; Verdenicci & Hough, 2015; Transparency International, 2018a). This might be a reason for the gap becoming narrower and views becoming more balanced.

Table 3

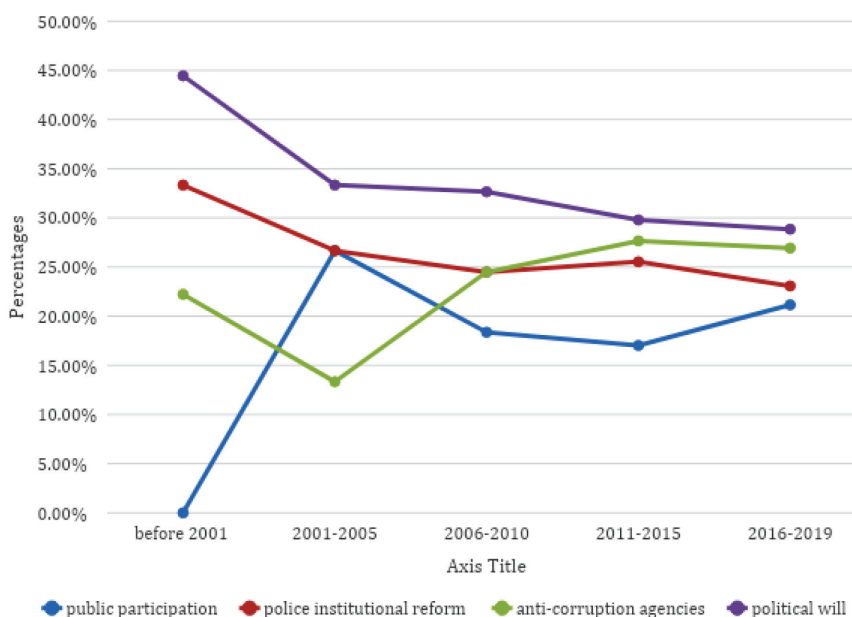
### Themes appearing in all 82 articles

Themes	Include the Words of
Police misconduct	Bribery, extortion, corrupt, ask for money, coercion, violence, excessive use of force, false accusation, coercion of confession, unethical, misconduct, crime, deviance, brutality, occupational fraud
Country comparison	Country names, patterns, trends, tendency
Factors affecting police corruption	Justice system, legal system, social, patronage, political, political economy, policy context, culture, social determinants, social norms, governance, rule of law, administrative, local ideology
<b>Public participation</b>	<b>Media, newspapers, watchdogs, civil society, public, people, citizen, involvement, citizen review, citizen oversight, public awareness, engagement, cooperative actions</b>
<b>Police reform</b>	<b>Institutional reform, recruitment and selection procedures, increase salary, training program</b>
<b>ACAs</b>	<b>Law enforcement, capability, ability, measures, initiatives, law, strategies, actions, whistle blower protection, committees</b>
<b>Political will</b>	<b>Politicians, willingness, commitment, wish, order, intend, attempt</b>
Other emphasized words	Ethics, accountability, transparency, integrity, governance, the rule of law, opportunity

**Note:** The bold rows are the four themes on anti-corruption measures included in the conceptual framework.

*Figure 5: Number of articles by anti-corruption measures*

As shown in Figure 6, public participation as an element of fighting police corruption started to emerge after 2001. This is reflected in the paradigm of public management in Southeast Asian countries. Solutions to social problems in South-east Asia have been increasingly dealt with by various forms of partnerships and cooperation among actors, including civil societies. The emerging public participation trend could be due to the growing influence of media, social media, and non-governmental organizations (NGOs)/civil society. Mendelson (2015) states that governments can no longer suppress information from the public due to advanced technology in the region, because people have access to information through different mediums.

*Figure 6: Percentage of each theme in different periods*

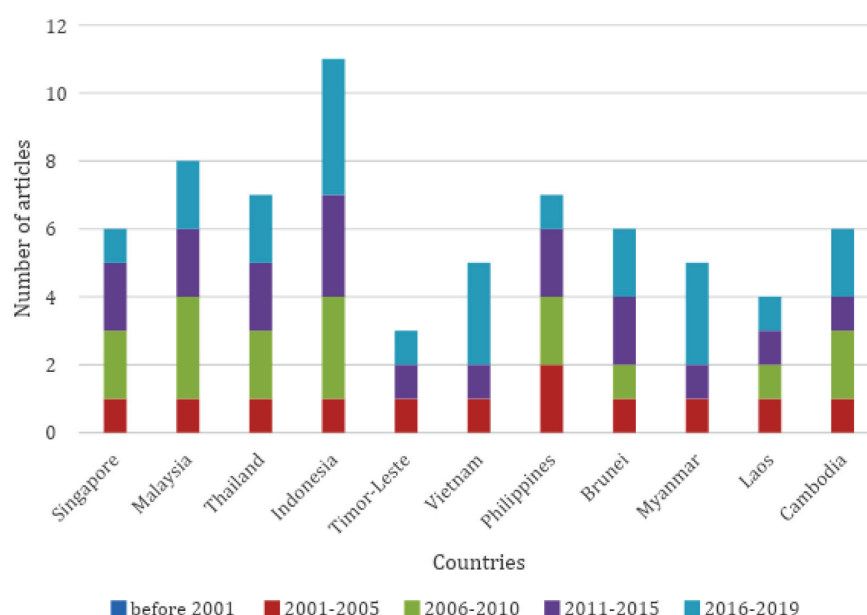


ACAs as a research theme for anti-corruption measures for police began to rise after 2005. This could be due to the late establishment of ACAs in some Southeast Asian countries, such as Timor-Leste, Myanmar, Laos, and Cambodia. For instance, ACAs were established in 2009, 2010 and 2013 in Timor-Leste, Cambodia and Myanmar, respectively. A few articles studied the functions of these agencies and the importance of having such agencies in general.

### Public participation

Figure 7 shows the number of articles published in different periods about police corruption in Southeast Asia that include the concept of public participation. In general, starting in 2001, scholars began to incorporate the idea of civic engagement by citizens and/or non-governmental organizations. Articles about police corruption in Indonesia mentioned public participation in almost every period, while articles on Timor-Leste and Laos mentioned it the least. The graphs show that before 2001, there was not a single article mentioning anything about this concept in any of the countries. After 2001, there was at least one article stating this concept in each country. No published police corruption articles on Timor-Leste, Vietnam and Myanmar raise public engagement from 2006–2015. While only one article about Laos and three articles about Indonesia were published from 2006 to 2015, two articles were published for each of Singapore, Thailand, and the Philippines over the same period. There were three articles about Vietnam and Myanmar and four articles about Indonesia from 2016 to 2019. These figures indicate that the concept of having public engagement in fighting corruption and police corruption started to emerge only in the 21st century.

**Figure 7: Number of public participation articles by country**



**Note:** some articles cover more than one country; in this case, political will is counted based on the number of nations mentioned in those articles. Therefore, the total number is over 82 articles.

Public participation seems to appear in some of the 82 articles. Despite insufficient evidence to show the correlation between an increase in public participation and a reduction in police corruption, some researchers urge that the public should participate or engage in fighting corruption in general and police corruption in particular. This can be in the form of filing complaints and reporting corruption cases. Additionally, civil society plays a vital role in overseeing the way the police perform their tasks and whether corrupt practice occurs in police institutions. Civil society can be watchdogs and reporters to better inform the public about police corruption in a country. For instance, Feinberg (2009) states that the Cambodian government recognized the importance of reform in the judiciary and enforcement of the law. However, corruption committed by police officers and judges in Cambodia is still unresolved, although there are reforms in place. About 30 non-governmental organizations (NGOs) are working on such reforms. They are involved in training journalists, commentators and those working in the field of media to distribute information related to police and judiciary corruption and other breaches of the law to the public. These NGOs help coordinate donors' funds to ensure that funds are not captured by public officers. Correspondingly, Setiyono and Mcleod (2010) assert that civil society organizations (CSOs) have pushed for the adoption of new laws and the establishment of new institutions to work in eradicating corruption in Indonesia. There are also cases where corrupt officials have been punished for their actions after the engagement of CSOs.

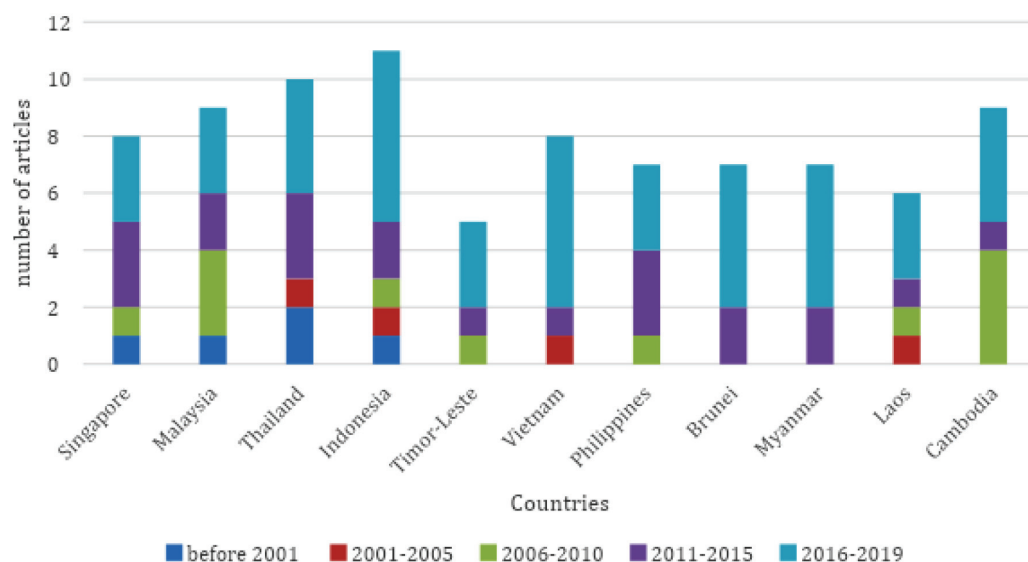
### **Police institutional reform**

From Figure 8, in general, there is an increase in the pattern of including police institutional reform in articles about police corruption in Southeast Asian countries. There are eleven articles about police corruption in the Philippines which raise police institutional reform, and ten articles on this topic in both Thailand and Indonesia. Police institutional reform has been least mentioned in articles about police corruption in Timor-Leste – five articles. Before 2001, there were a total of five articles mentioning police institutional reform in Singapore, Malaysia, Thailand, and Indonesia. From 2016 to 2019, the number of articles referring to police institutional reform in Indonesia and Vietnam is six, followed by Brunei and Myanmar with five articles. Interestingly, there were no articles published before 2010 discussing police institutional reform for both Brunei and Myanmar. As can be seen from the graph, Indonesia is the only country to have had at least one article discussing police institutional reform in every period. Laos is next with at least one article raising the concept of police reform in four of the five periods.

Some articles stressed that police institutions should be reformed to reduce police corruption itself. Newburn (1999) and Gutierrez-Garcia and Rodríguez (2016) state that how police institutions function and operate should seriously be taken into account to prevent and control police corruption. There should be thorough processes of recruitment to ensure newly recruited police embrace the highest standards of ethics and integrity. This can be done through psychological screening at the pre-employment stage to detect signs of corruption. Ad-

ditionally, training sessions can also reduce attempts to commit bribery by informing police about ethics, right and wrong, and how they will be punished if found to be corrupt.

**Figure 8: Number of articles raising police institutional reform at different time periods in Southeast Asia**



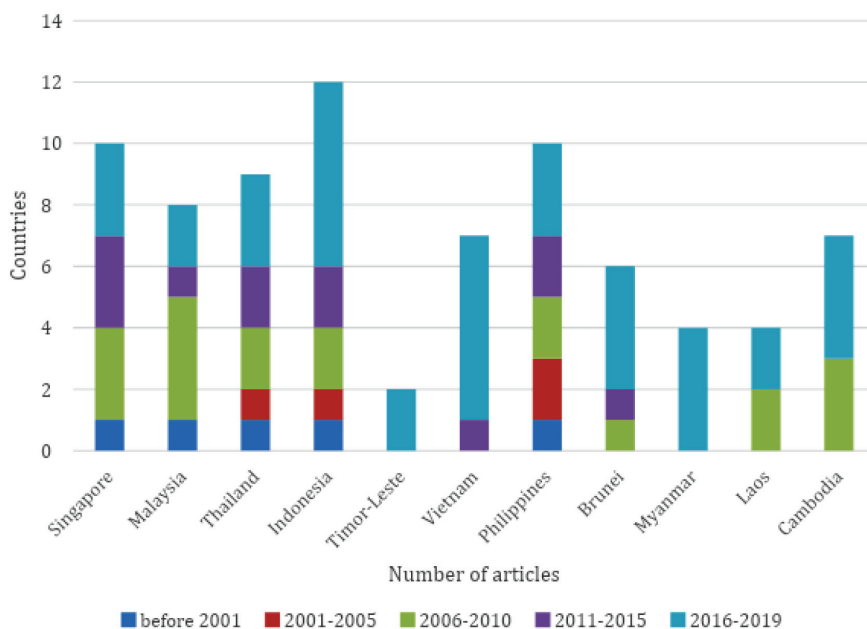
Furthermore, governments should increase police remuneration to reduce corruption in police units. Some police are corrupt because of their low salaries (Prateppornnaronga & Young, 2019; Case, 2008; Vichit-Vadakan, 2011; Gonzalez, 2011). This is possibly due to the fact of low payment rates for police officers and poor recruitment processes to select capable and ethical police officers. For instance, in Indonesia, the lowest ranking police officers' monthly salaries only increased to 116.9 USD in 2015 (Parlina & Sundaryani, 2015). This is even lower than that of Cambodian police officers. Police officers with the rank of staff sergeant were paid 160 USD, and the lowest ranking police officers were paid 135.25 USD in 2015 (Hul, 2015). However, at the same time that more benefits are offered for police officers, internal accountability should also be improved by introducing programs that supervise police officers. Tests and polygraphs can be introduced in the later stages to detect corrupt behaviour and practice in police institutions. Broadhurst and Bouhours (2009) state that the Australian government's technical and financial support in the police reform in Cambodia are targeted at preventing crimes, maintaining prisons, and preventing police from being corrupt. They conclude that police corruption continues to thrive and become difficult to solve because police officers are underpaid, poorly trained, and led by patron style leaders.

### **Anti-Corruption Agencies (ACAs)**

It can be seen from Figure 13 that overall, the trend of including ACAs has fluctuated over time. Figure 13 shows that ACAs have been mentioned the most

in articles on police corruption in Indonesia with 13 articles, followed by Singapore with 11 articles. Four articles about police corruption mentioned anti-corruption in these three countries from 2001 to 2005. However, the concept has been discussed least in Timor-Leste and Laos articles. Timor-Leste had the fewest with only two articles, from 2016 to 2019, and in Laos where there were two articles for each period (2006–2010 and 2016–2019). There were four articles apiece for Brunei, Myanmar, and Cambodia, about police corruption that mention ACAs, from 2016 to 2019. There was at least one article mentioning ACAs in Thailand, Indonesia and the Philippines in each period, while there were no articles at all for some periods for the remaining countries.

**Figure 9: Number of articles raising ACAs at different time periods in Southeast Asia**



There are articles mentioning the importance of having independent and fully functioning ACAs. Quah (2014) argues that Singapore has been successful in combating police corruption, not only due to the strong commitment of the government but also their measures in establishing the independent ACAs. Police corruption was rampant in this country before the time of the colonial period. In 1937, the Singapore Anti-Corruption Branch (ACB) was established; however, it was ineffective because it was under the control of the Criminal Investigation Department (CID) of the Singapore Police Force (SPF). Ironically, this meant those police officers were responsible for combating police corruption. Additionally, it had limited power and resources to combat corruption since there were other priorities, such as dealing with felony and misdemeanour crimes. It was challenging to have a small number of police officers to combat corruption within their department and solve the many corruption cases (Quah, 2014; 2013). However, the story changed when the Corrupt Practices Investigation Bureau (CPIB)

was created in 1952. CPIB, a single and independent ACA, had sufficient funds, personnel, and power in operating and functioning.

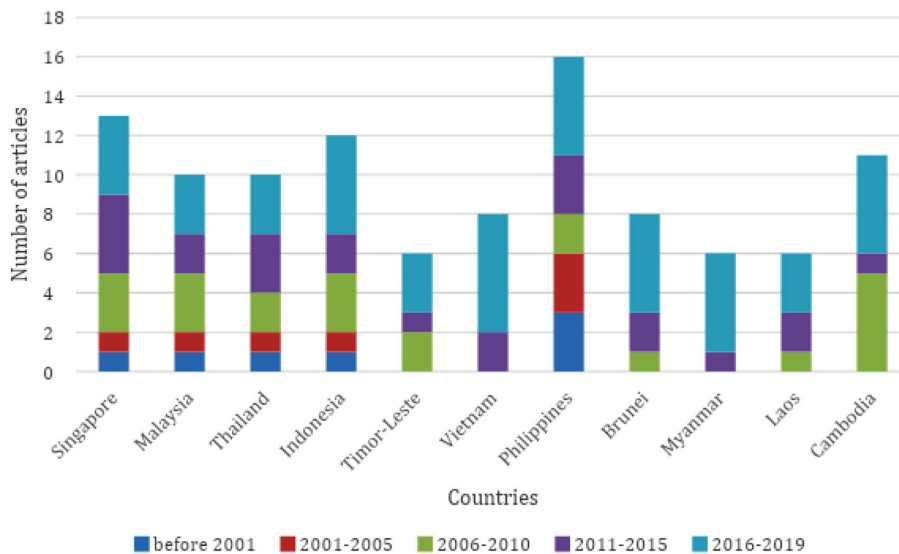
Furthermore, Thalib, Ramadhan, and Djanggih (2017) found some internal issues in investigating corruption practice in the Regional Police of Riau Islands in Indonesia. First, there was the limited capacity and capability of human resources. They did not have enough expertise in investigating corruption cases. Second, the facilities were of low quality and insufficient. This made it difficult to support the process of investigating corruption cases. Third, there was a limited budget for investigating corruption cases.

Likewise, Abdullah (2008) found that the Malaysian ACA has faced many challenges since its establishment in 1967. First, the ACA police personnel were incapable of investigating corruption. Additionally, police officers were unwilling to be involved in investigations in police related departments due to their concerns for their future. Although the ACA was reorganized, other issues such as incapability and lack of power to investigate and prosecute high-ranking officers existed. For example, the ACA only investigated around 3,700 corruption cases among 38,000 cases filed with this institution between 2001 and 2004. Fundamentally, the ACA only resolved small and medium-sized cases rather than the larger cases that involved high-ranking officers and elite groups (Abdullah, 2008). Similarly, Beh (2011) described the ACA in Malaysia as a powerless institution when it came to prosecuting corrupt police officers. Although the ACA has different divisions and comprehensive functions related to prevention of and fighting against corruption, it has limited power in investigating and recommending prosecutions. This is because the attorney general is the one who has the authority to make final decisions regarding corruption cases. Therefore, ACAs are expected to be independent and fully functioning with separate staff from police departments and resources. Without powerful and independent ACAs, police corruption could be very difficult to address.

### **Political will**

Figure 10 demonstrates the number of articles about police corruption in Southeast Asia which mention the concept of political will in different time periods. It is worthwhile to note that in Figure 14 political will appears to be popularly mentioned in police corruption-related articles throughout the entire time period. Figure 15 shows that political will has been suggested the most in articles on the Philippines with 16 followed by Singapore and Indonesia with 13 articles equally. However, there were only 6 articles about police corruption in both Myanmar and Timor-Leste. Political will appears in three articles discussing police corruption in the Philippines. Before 2000 and from 2001 to 2005, it appeared in one article in each of Singapore, Malaysia, Thailand, and Indonesia. Conversely, there is no article about political will for the remaining countries. From 2006 to 2010, political will was mentioned most frequently in the context of police corruption in Cambodia. From 2011 to 2015, it was most frequently mentioned in Singapore. From 2016 to 2019, Vietnam is shown as the country where the concept was most mentioned. However, political will appears least in Timor-Leste and Laos in most of the periods.

**Figure 10: Number of articles raising political will at different time periods in Southeast Asia**



Political will, therefore, is the primary focus in combating police corruption. Political will is regarded as a significant tool in combating both corruption in general and police corruption. For instance, in many articles, Quah (2006; 2011; 2013; 2014) argues that corruption will continue to exist at all levels if the government of the country does not have the political will to combat corruption. This theme has been emphasized increasingly after 2005 in most countries. For instance, Ear and Leonard (2005), Vu (2017), and Gregory (2016) agree and add that without the wish to reduce police corruption, governments will neither take effective measures nor be held accountable in the fight against police corruption. That is, there will be ineffective law, and insufficient human, financial, and technical resources to curb police corruption. Ear (2016) argues that the pervasiveness of corruption, including police corruption and the limited anti-corruption measures in Cambodia, are because the government does not have a strong enough political will to curb this issue. Vu (2017) asserts that political will is of crucial importance in curbing corruption. Political will ensures ACAs are provided with sufficient resources and institutional arrangements, the willingness and support of politicians in the operation of institutions created, and reinforcement of the effectiveness of these institutions through wise political decisions. Political will is described as a supporting factor that can reduce police corruption, while lack of political will hinders the process of combating corruption. The extent of successfully combating police corruption depends on the degree of political will that a government has.

## Discussion and Conclusion

Although police corruption in Southeast Asia is getting more attention from public management scholars, there are very few articles about the police. Furthermore, Selth (2012) recognizes that police corruption issues are often un-



der-documented in academic literature on Southeast Asia. Few facts and data about police corruption and misconduct are revealed to the public. In the studies we analysed, police corruption issues are analysed as very general descriptions or only with anecdotal examples, rather than systematically examining the whole public management system in the police or focusing specifically on any significant corruption agenda. This might be due to limited data accessibility and availability, or the issue might not be a priority area of public management studies for scholars in the region, or local scholars might not be encouraged to do research on this topic since police corruption is such a sensitive issue to be freely studying and publishing. However, Singapore, Indonesia and the Philippines have been studied relatively more by scholars and compared to other countries in the region, and they seem to have more sufficient information and data to analyse and draw conclusions with.

Most of the articles are written by domestic scholars or international scholars located domestically in the country of interest in their studies. Domestic researchers could have more understanding of the local contexts of the country or countries. However, it does not necessarily mean international scholars don't have enough knowledge to study police corruption in Southeast Asia. Rather, international scholars, although located domestically, tend to offer fresh perspectives with some new insights about these corruption issues, and contribute to the body of knowledge in different ways.

The realities of police corruption in Southeast Asia are quite complicated and there is no simple solution to managing police corruption. A police workforce is exposed to various bundles of contexts and practices, which creates different pathways to approaching police corruption or misconduct. Previous research in Southeast Asia offers analysis on strategies to combat corruption or examine factors affecting the effectiveness of those strategies. Interestingly, while some researchers argue that the police should be empowered to handle corruption cases, others suggest that police officers should be under stricter control by independent entities. There are many articles suggesting police reforms to manage corruption but McCusker (2006) states that the effectiveness of anti-corruption measures needs persistent long-running efforts to change the culture.

This research aimed to collect and summarize articles about police corruption in Southeast Asia. Previous research that attempted in-depth analysis on the phenomenon are appreciated, but we call for more research efforts to collect data on what is happening in the region as to public safety, or apply rigorous methodology to gauge the understanding of the reality. Without appropriate understanding of the problem of interest, the suggestions for reforms or strategies may be misleading. Because of the nature of corrupt behaviour and police misconduct, office statistics or reported cases only offer an incomplete picture of what the real-world causes are. If quantitative data is limited, then researchers may approach the phenomenon differently using qualitative analysis with purposive sampling for accessing hard-to-reach groups of informants. In the research process, there may be implicit or explicit risks and barriers to access, privacy, and confidentiality when studying police corruption in Southeast Asia, but any research aimed at in-depth understanding of the root cause of the problem is of great merit.

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## ACRONYMS

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ACA/ACAs: Anti-Corruption Agency/ Anti-Corruption Agencies

CID: Criminal Investigation Department

CSOs: Civil Society Organizations

OECD: Organization for Economic Co-operation and Development

SPF: Singapore Police Force

TI: Transparency International

UNDP: United Nations Development Program

CPIB: Corrupt Practices Investigation Bureau

# POLITICS, PEER REVIEW AND PERFORMANCE MANAGEMENT IN AFRICA: A PATH TO CREDIBLE COMMITMENT FOR NIGERIAN POLITICIANS?

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## **Abstract**

The study examines the application of performance management (PM) to politics in the African context using Nigeria as a focus. It argues that PM will yield better results if it focuses on ways to improve and stabilize the results of politics based on the notion of politics-administration dichotomy and the leadership role of the political class in that relationship. The relevance of some key elements of the Common Assessment Framework (CAF) such as the role of leadership, peer review, self-assessment, competitiveness and comparative learning and innovation are investigated as elements of performance management at this level. Documentary data based on the implementation of the African Peer Review Mechanism (APRM) and evaluation of the application of performance information in relation to those critical roles of politicians were

analysed. The authors found that although measures aligning with the CAF model of PM are in place, politicians remain poorly committed, inconsistent and irregular in submitting and using performance information. The study suggests strengthening PM at the political level of governance through energised support for an African Peer Review Mechanism framework and an international push for sustained application of peer review and results of various global performance indexes in dealing with African countries.

**Keywords:** performance management; peer review; politics-administration dichotomy; common assessment framework; African peer review mechanism; Nigeria.

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## Introduction

Controversy on the nature of the relationship between elected politicians and bureaucratic career officials has raged since the emergence of the study of public administration in the 19th century (Verheijen, 2000). The classical administrative thinking provided ground for the perception of the administrative system as separated from the political system (Heady, 1984). Max Weber, Woodrow Wilson and other eminent classic administrative theorists envisaged a role differentiation often qualified as politics-administration dichotomy among these two groups of government personnel. Although other models explaining politics-administration relations have attempted to supplant the dichotomous model over the years, they have generally maintained that the political class is the senior partner in this relationship, with the responsibility to structure, empower and control the administration. Svava (2001; 1985) considered the politics-administration dichotomy model as desirable in providing a normative base for assessment of appropriateness of behavior. In spite of the relevance of projecting the notion of integration and overlapping in this relationship, there is evidence that the tension between the two classes of government officials continues to be significant (Ugyel, 2017), to the extent that only a notion of separation can better explain and place the responsibility and performance of groups of officials in government. Although the key organs and institutions of government, namely the legislature, the political executive, the judiciary and the administrative institutions should work harmoniously to enhance government performance and effectiveness, it is important that efforts to improve government functioning should be properly channeled to address faults where they lie strongly. Nevertheless, what is usually the case is that the bureaucracy is framed and blamed for public service failure. Thus, more often than not, efforts to make government more efficient and effective focus on reforms directed at bureaucratic agencies and personnel, neglecting the governance and leadership role of political officials. For instance, despite recognising the fact of the

logical impossibility of having a perfect social organisation as a result of the self-interest of rulers, Miller (2000), like many scholars, propounds a solution largely hinged on the bureaucratic structure and process. Taking a cue from Holmstrom's (1982) analysis of an impossibility result arising from moral hazard in teams (*Moral hazard* refers to a self-interested incentive to do something that detracts from the efficiency of the social organization) or what has come to be known as Hostrom's impossibility theorem, Miller (2000) has argued that "progressive ideology of separation of politics and administration serves the same efficiency-enhancing role in public administration that Holmstrom argued for separation of ownership and control in private administration". Miller has directed his attention on how best to control the bureaucrats – through a hierarchical control system of the principal-agent model or through developing a neutrally based bureaucratic control based on professional expertise that helps to hold the self-interest of both the politicians and the administrators in check. He has argued that "the characteristics of Weberian bureaucracy, including rational/legal constraints and autonomous professional norms, serve to insulate bureaucrats from efficiency-undermining political pressures" (Miller, 2000, p. 289). However, chronic problems of unproductive public administration cannot be solved merely by traditional bureaucratic structure and processes alone (Kalfa & Yetim, 2018) or the whole of government approach which beclouds the role of each group. Efforts to improve performance management in the public sector have seen the adoption of some private sector managerial tools, as in the New Public Management (NPM), Total Quality Management (TQM) and Performance Management (PM) approaches that provide more measurable, practical strategies. Despite the introduction of these private sector approaches, their application has often failed to achieve optimal results for the same reason of skewed attention on the bureaucratic agencies and career employees, neglecting the important need to also deal with how to incentivise the performance of political officials. In this vein, it is needful that the idea of performance management should be re-examined in the light of politics-administration dichotomy to properly place issues of performance, especially in the African environment, where politics remains critical to virtually every activity of government.

Jacobson (2006) averred that many studies on politics-administration relationships stop with the analysis showing whether there exists a separation, integration or overlap in terms of various role specifications. Similarly, Azunu (n/d) remarked that the politics-administration relationship debate has mostly been about whether or not politics can be separated from public administration and what key factors affect the relationship between these two intervening fields. There is scarce scholarly focus in this field on the performance of the political class in this relationship as the norm has usually been to focus attention on reforming the bureaucracy with its attendant dysfunctions and negative attributes or the whole of government perspective. In most polities, the assumption is that non-performing political officials will be voted out in the next round of elections or the fact that civil society actions will keep the politicians in check, hence little need to bother about how their performance should be managed. But it is clear

that such democratic values and processes are yet to be strongly institutionalized in Africa and some developing democracies. Various scholars of African politics employ various concepts such as patrimonialism (Bratton & Van de Walle, 1994), primordialism, ethnicity, nepotism, and corruption (Nnoli, 2008), Prebendalism (Joseph, 1987), politics of the belly or stomach infrastructure (Bayart, 1993; Osaghae, 2003), and instrumentalisation of informal politics (Chabal & Daloz, 1999) among others, to describe the nature of politics in Africa. Apparently, the fundamental character of African politics is that the state has not been liberated from the constituent societies and to the extent that it mars the functioning of modern institutions (Ekeh, 1975). There is no doubt that activities at the political level tainted with these negativisms tend to seep down entire government institutions and impinge on good governance.

Performance management in Africa should thus, as a matter of priority, deal with the context of politics that constrain the task of state building and policy direction as much as focus on reforming administrative institutions. It is rather a case of healer heal thyself. The puzzle then is how efforts to improve government performance using the performance management (PM) approach could be applied to political officials in the African context. Andrews (2014, p. 3) has opined that “within the public sector, performance management may also be useful to politicians”. This opinion has not received adequate attention. PM has usually been understood in terms of the traditional emphasis on managing inputs (budgets and staff) and processes (rules and structures) (Andrews, 2014) but not necessarily on the enablers of inputs such as leadership and politics. This calls to question the need to re-examine how the contextually specific assumptions underlying performance management could be understood in relation to the political officials in government in the African context based on the notion of politics-administration dichotomy and the assumed leadership/governance role of the political class in that relationship. The following research questions further define the research focus. (1) How does the role of political officials affect the performance of government in Africa? (2) How could the specific assumptions of performance management be understood in relation to the political class in the African context?

The study contributes to the understanding of the theoretical and practical underpinnings of performance management of the political class in Africa based on the politics-administration dichotomy model. The CAF model of PM is used for the study. It stipulates features such as peer review, self-assessment, competitiveness and comparative learning and innovation as mechanisms that could help to evaluate and manage the performance of the political leadership of countries. Peer review in particular is the notion that governments whether global, regional, national or local are peers of one another and their conduct can be reviewed by mechanism set up for such purpose (Amoda, 2012). We used a desk review and meta-analysis approach for the study. We have applied critical analysis of extant sources such as documentary data in official publications including reports of the African Peer Review Mechanism’s continental and country reports, and official government reports and those of other international agencies such as the Mo Ibrahim Index of governance for Africa.



## Politics-administration relations model and role distinction in government

The perception of public administration as being separated from politics came through a vigorous effort made to give existence to public administration discipline, and clearly distinguish roles in government despite obvious integration and overlap. According to Martin (1988, p.632), the leading assumption that inspired the proponents of politics-administration dichotomy school was that “politics and administration work best as independent variables, capable of being improved in isolation without endangering or interfering with the other side”. The key proposition here is that the role of the politician as the senior partner in government is restricted to setting the task for administration and that of administration devoted to policy execution (Wilson, 1887). But it would be a misconception to perceive the two ‘independent variables’ as a ‘constant’ (Jacobsen, 2006, p. 304). Indeed, most of the proponents of the model did not actually intend a full separation, but were concerned with how to strengthen the independence of administrators and to protect them from political interference (Rabrenovic, 2001; Peters, 1987). The implication of a strict separatist perspective would entail that once policies are decided by the politician, the inability to produce the desired results is as a result of poor execution. This paves the way to what is perceived as a bureaucratic system of public administration that sees public administrators as managers of public organizations with greater autonomy from politics (Rouban, 2003; Sancino, Meneguzzo, Braga & Esposito, 2018) hence, leading to the framing and blaming of the administrative system in most issues of performance failure in government. Apparently, this disregards the fact that executive political officials in most climes head various public organizations and could actually be seen as the *de facto* public managers, and that their roles are critical to the performance of even the administrators and public organizations.

Other perspectives have emerged over the years to explain the politics-administration relations, but often fall into the same trap of framing the administrative system for largely being responsible for poor performance of government. A number of scholars assert that an interaction exists and is necessary, and recognise that “if the relations between the two are co-operative, the legitimacy of government will be reinforced, while hostile and non-co-operative behaviour will lead to ineffective governance, with a negative effect on levels of legitimacy” (Rabrenovic, 2001, p.11). Jacobsen (2006) averred that if the relationship between the political and the administrative sphere is perceived as a variable, it opens up for the possibility that it may vary among contexts and over time. For instance, the political school (Demir, n/d.; Lipsky, 1980; Federickson, 1980) rejected the separation option and proposed overlapping and integrated relations. The school asserted that administrators are involved in politics, possess technical knowledge and engage in policy making and advisory roles, thus, leaving very little power with politicians. In effect, public administration appears to be superior to politics in the allocation of government actions. This view obviously intensifies the framing of the bureaucracy and hence the need for constant reform and control of the administrative system. Some scholars (e.g. Heady, 1984) proposed an in-

strumental view, somewhat related to the principal-agent relations that perceives public administration or the administrative system as an instrument or agent of the politician. These perspectives, such as the New Public Management, see the administrators as managers of government agencies responsible for the definition and the attainment of goals, as well as for the good management of financial and human resources (Sancino, Meneguzzo, Braga & Esposito, 2018; Pierre & Peters, 2005). Many of these perspectives assert administrative autonomy as if an instrument or agent is a standalone aside 'the workman' using the instrument or the principal backing the agent. Miller (2000), for instance, argues that even the politicians' self-interest can be kept in check by adopting the correct model of politics-administration separation. He has argued that "the characteristics of Weberian bureaucracy, including rational/legal constraints and autonomous professional norms, serve to insulate bureaucrats from efficiency-undermining political pressures" (Miller, 2000, p. 289). Taking a cue from Holmstrom's (1982) analysis of an impossibility result arising from moral hazard in teams, Miller (2000, p. 325) submits that "progressive ideology of separation of politics and administration serves the same efficiency-enhancing role in public administration that Holmstrom argued for separation of ownership and control in private administration". Apparently, Miller believes that if a bureaucracy possesses autonomy, expertise, professional ethics and is properly trained, even the moral hazard arising from the politicians' self-interest could be put in check. For him, the principal agency model, with hierarchical control of bureaucratic agents by their democratic principal, was not essential to engender effectiveness of government as propagated by such scholars like Finer (1941). But like Freidrich (1940), Miller believes that "to be efficient, governments should and sometimes do devise constitutional checks and balances that constrain rather than unleash popular democratic control over bureaucracy". We are yet to see this ideal work, especially in Africa. The view has rather encouraged the framing of the bureaucracy and its constant reform at the expense of the role of the politicians. The public administration system therefore remains conceptually the centerpiece of government with scant attention paid to how the role and performance of the politician could be managed as well as distinguished from reforms focusing on the administrative agencies and their control.

Whatever the theoretical perception of the nature of the relationship between politics and administration (separation, interaction, instrumental principal-agent or otherwise), the common denominator has been the acknowledgement that the political class is the senior partner in the politics-administration relations and has the responsibility to structure, lead and control the administrative system. According to Panday (2017, p. 2),

Political control is possible on the grounds that bureaucracies are created by the elected institutions who design the structure in such a way that it facilitates their control of it. Politicians always remain vigilant on the activities of the bureaucrats in order to make sure that information is not distorted. Moreover, activities of bureaucrats are subject to sanctions and rewards if they fail to attain the desired result.

The implication of this power of control, as noted before, is the framing of the bureaucracy and the concentration of reforms on its structure and processes, while neglecting issues of political leadership and governance and the reforms they engender.

The Performance Management approach proposed improving public programmes and agencies by developing and adopting clear goals, measuring employee performance and providing rewards accordingly. The emphasis often is on the administrative agencies and their employees. Cook (2004, p. 604) avers that “‘management’ (or its corollary, *administration mine*) has historically taken ‘the organization’ as its basic unit of analysis and action. This is often a tacit assumption or, if not, one that passes unremarked, as in the very conflation of MOS – ‘management *and* organization studies’”. Nevertheless, performance management in government should focus on both classes of officials based on the thesis of politics-administration dichotomy, so as to properly address the failings of each. The ‘pathological degeneration’ of public administration cannot be resolved “when authoritarian and/or politicised governments pursue particular instead of general interests” (Cook, 2004, p. 604). Politicians remain strategic to the empowerment, enablement and control of the administrative system. They provide political guidance through policy leadership and legislative oversight (Demir, n/d). Policy leadership links elected officials to citizens, while legislative oversight links them to public administrators. When the focus of performance management is largely on the administrators and administrative agencies, the politicians appear to become self-righteous and impeccable. It is therefore important to investigate strategies for gauging the performance of politicians in government which is critical but has been neglected in Africa. In the next section, we conceptualise performance management and a framework for its applicability to the political officials in government.

## Performance management (PM) framework and its applicability to politicians

Although ways of appraising and rewarding employees have long existed (Williams 2003), the term ‘performance management’ (PM) was not utilised until the 1970s (Armstrong and Baron, 2005). As a reform movement, it was a strand of the New Public Management (NPM) reform that began in most western countries as part of the neoliberal movement that began in the late 1970s. PM is not precisely defined, nor does it cover a set of common practices based on an explicit, recognised framework (Maurel, Carassus, Favoreu & Gardey, 2014). However, one thing is important: PM is a tool to improve performance in the whole of an institution or equally in a specific part of it. Andrews (2014) pinpoints three steps that are likely to be included in any performance management programme. First, policy-makers and/or managers or the body developing a PM initiative need to select a relevant set of performance indicators which can be used in two ways to analyse an organization’s achievements – through time and/or in comparison with other relevant organizations. Next, they must define expected standards of attainment on those indicators in relation to benchmarks, such as minimum standards or initial baseline

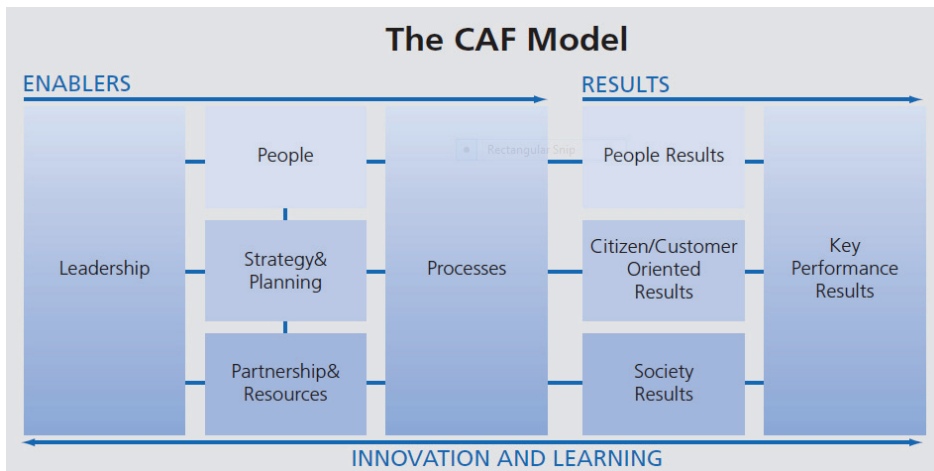
performance. Then they apply appropriate tools of managerial control to incentivise managers and employees to meet the expected standards. Boyne (2010) operationalised these into three interlinked elements, namely, target-setting, performance measurement, and, rewards and/or sanctions. These principles are hard to effect at the level of politics because the politician or the manager is the target setter, the one that measures and rewards/sanctions. More often than not, they appear to be outside the PM framework in relation to the control of their own performance.

Andrews (2014) distinguished two levels of application of performance management in the public sector: (1) the micro level or within public organisations and (2) the policy field level or across sets of public organisations. The two levels have some specificity in the expectations of those whose performance should be managed and instruments required for achieving results. At the micro organisational level, usually the economic approach is emphasised. Models based on this normally use the input-output relation as the basis for performance management. Boyne's (2010) elements for managing performance, namely target-setting, performance measurement, and, rewards and/or sanctions can seamlessly be applied at this level. The input-output framework is often measured in monetary terms; however, for application to the public sector, it has been modified to the input-output-outcomes model (IOO) (Maurel, Carassus, Favoreu & Gardey, 2014, p. 25), which "provides a wider range of criteria for the evaluation of organizational performance.... Outcomes are measured by non-financial indicators that represent the social benefits deriving from the action, whereas outputs designate activities that will not necessarily lead to outcome-type results". The framework integrates economy, efficiency and effectiveness as the common indices of performance management. Andrews (2014, p. 3) observed that the economic framework has usually been understood in terms of the traditional emphasis on managing inputs (budgets and staff) and managing processes (rules and structures). The advantage of applying PM at this level is the presence of a manager who is responsible for overseeing the performance of others by setting targets, measuring output/outcome and rewarding or sanctioning. However, it is less holistic than what performance management should be in government as it focuses on employees and processes within the organization, neglecting actors outside the administrative organisation or those that try to ensure the performance of others such as managers, legislators, political executives and so on. The employees of public organisations (the administrative system as separated from the politicians) based on the traditional conception of politics-administration dichotomous relations bear the brunt of performance management efforts in this manner. Nevertheless, "performance management is not a mechanical process that can be set in motion and left to run on auto-pilot. Benefits are not realized without engaged leadership and a strong organizational commitment to changing inadequate decision-making processes, structures, and a culture of complacency" (National Performance Management Advisory Commission, 2010, p. 6).

Maurel, Carassus, Favoreu and Gardey (2014, p. 24) disclose that a review of the literature on performance management models in public organizations shows that authors' visions of public performance are incomplete. Their study tried to enrich the literature "by going beyond a partial vision of organisational performance to integrate the politico-environmental specificities of the public

sector”. This is akin to Andrews’ policy field level mentioned above. Indeed, the ultimate goal of PM at this level is good governance perceived here in a stricter sense of politics and policy ownership, although governance is all embracing (incorporating roles at both the political policymaking and organisational implementation levels). Maurel, Carassus, Favoreu and Gardey (2014, p. 24) described this approach as the “partnership” framework of PM, and aver that it is “a more focused stakeholder orientation (models where citizens participate directly in the process of assessing and measuring the performance of government)”. PM at this level traditionally consists in the social capital of citizens and civil society actions. Adsera, Boix and Payne, (2003, p. 447) equate this with good governance, which is a function of the extent citizens can hold political officials accountable for their actions. In particular, it shows that as both democratic institutions are established and the information citizens have about both the state of the world and the policy maker’s decision increases, the space for rent appropriation shrinks. To support this citizens’ check, which is weak in the African context, most governments through international, regional and national initiatives have come to appreciate the importance of peer review, self-assessment and competition as instruments of performance management. Peer review is the notion that governments, whether global, regional, national or local, are peers of one another and their conduct can be reviewed by mechanisms set up for such a purpose (Amoda, 2012). While peer review has been a strong instrument of performance management, for example in academic circles, some analysts view it as practically unrealistic and politically impossible in Africa (see Tawfic, 2004, p. 5). Tawfic has quoted one of his research interviewee as saying: “It is really a bizarre idea to have those heads of states and their nominated persons sit around a table to say who is behaving himself and who is not”. Despite this skepticism, peer review and global ranking of countries have come to be perceived by nations as a viable instrument for measuring performance and leveraging efforts to improve on different governance issues. A typical model of the partnership framework is the Common Assessment Framework (CAF), a total quality management tool jointly developed by a working group of the Innovative Public Services Group (IPSG) to promote exchanges and cooperation towards modernizing government and public service delivery in European Union member states (Osterreich, 2006). CAF is based on a competitive, dynamic model that concerns all the political and economic fields. As a tool of performance management, CAF is based on the premise that excellent results in organisational performance, citizens /customers, people and society are achieved through leadership driving strategy and planning, people, partnerships and resources, and processes. For a manager, it is not just a tool for the manager which is applied to his/her employees, or which is applied to the membership of public organisations by a politician. As a peer review and self-assessment tool, it aims at covering those outside the traditional performance management system of the organisation; hence the manager can also evaluate his or her own performance, or outside peers could do so. In the CAF, peer review, self-assessment, competitiveness, comparison and learning are particularly encouraged through established performance awards such as the Europe Quality Award to encourage competition (Kalfa & Yetim, 2018, p. 4). The Figure below illustrates the elements and criteria for PM in this model.





Source: Osterreich (2006, p. 5).

PM in the CAF model consists of two important parts – the enablers and the results. The enablers are meant to lead to the attainment of results as the arrow shows. In all, performance is measured against nine assessment criteria – five enablers and four results, namely, leadership, people, strategy and planning, partnership and resources; processes, people results, citizen/customer oriented results, key performance results. Thus, leadership, which at the micro level appears to be outside the traditional PM framework, is primary among the enablers in this framework. The nine criteria are departmentalized in the columns, which signify that despite their composite nature, a separation could be made between the enablers and the results, as well as each criterion/criteria as encapsulated in the columns. Osterreich (2006, p. 5) stipulated that “CAF has been designed for use in all parts of the public sector, applicable to public organisations at the national/federal, regional and local level”. He described the framework as holistic, which “does not simply mean that all aspects of the functioning of an organisation are carefully assessed but also that all the composing elements have a reciprocal impact on each other” (p. 6). This implicitly recognises that the cause-effect relation between the enablers (causes) and the results (effects) also apply to different groups of personnel in government and their roles. For instance, each criterion of the enablers, such as leadership, is solely significant and should be optimal to expect the required performance of other components. Indeed, leadership drives people, strategic planning or policy, resources and partnership, as well as processes. If the political class (leadership) does not perform effectively, efforts to reform the bureaucracy will likely remain sub optimal. Another significant feature of CAF is the incorporation of peer review, innovation and learning from others (see the bottom part of the figure) as essential in PM.

Indeed the introduction of the APRM is recognition by African governments that self-monitoring and review will encourage countries to improve their standards of governance and provide a mechanism for both the people of the continent and outsiders to benchmark their performance (Chukwumerije, 2006). Subsequent sections will provide a background of politics in Africa and examine the extent to which these elements of CAF apply.



## Brief background on politics in the African context

Africa is home to 54 countries, many of which have adopted various political and public administrative systems usually imitated from ex-colonial western countries. These administrative systems have in many instances been altered through incessant global reforms imitated or imposed as conditionality by global financial, governance and aid-donor institutions such as the World Bank, the International Monetary Fund (IMF) and United Nations (UN) development agencies. With the exception of a few of these countries that are believed to have recently made some remarkable improvements in their economies and public administration systems (Zoogah, Peng & Woldu, 2015; Hoskisson, et al.; McKinsey Global Institute, 2010), many of the African countries are still bedeviled with widespread public administration ineffectiveness and poor performance of public officials that largely affect the entire development superstructure (Ikeanyibe, 2017; Ayee, 2005; Hyden, 1983; Joseph, 1997; World Bank, 1993).

Many scholars have tried to rationalise the causes of Africa's slow development and ineffective public administration based on analysis of the sociocultural, historical, psychological, leadership and many other frameworks (Zoogah, Peng & Woldu, 2015). For instance, Ekeh (1975, p. 92) aptly integrates some of the perspectives in this argument such as the historical, socio-cultural, psychological and leadership perspectives when he posits that the experiences of colonialism in Africa have led to the emergence of two publics instead of one:

At one level is the public realm in which primordial groupings, ties, and sentiments influence and determine the individual's public behavior. I shall call this the primordial public because it is closely identified with primordial groupings, sentiments, and activities, which nevertheless impinge on the public interest .... On the other hand, there is a public realm which is historically associated with the colonial administration and which has become identified with popular politics in postcolonial Africa. It is based on civil structures: the military, the civil service, the police, etc.

Ayee (2005) identified excessive politicisation, lack of accountability and representation, inability to promote the public interest and authoritarian tendencies. Other scholars (Chabal & Daloz, 1999; Von Holdt, 2010) remark that the state in Africa remains a pseudo-western facade that disguises the fact that neither politics nor state institutions have been emancipated from society or rather societies and have therefore never been institutionalised. Various concepts are employed to describe politics in the African context: patrimonialism (Bratton & Van de Walle, 1994), primordialism, ethnicity, nepotism, and corruption (Nnoli, 2008), prebendalism (Joseph, 1987), politics of the belly or stomach infrastructure (Bayart, 1993; Osaghae, 2003), and instrumentalisation of informal politics (Chabal & Daloz, 1999). These perspectives on political leadership in Africa vary from the "criminalisation" of the state to political leadership as "dispensing patrimony", the "recycling" of elites and the use of state power and resources to consolidate political and economic power (Van Wyk, 2007, p. 3). Thus, politics rather than

administrative processes are fundamental to overall development lapses including administrative effectiveness, hence Crocker (2019) posits that in Africa, it is the quality and characteristics of politics that shape the level of peace and stability and the prospects for economic development; it is governance at that level which determines whether there are durable links between the state and the society it purports to govern.

The prevailing misdemeanor of the African political elites can be categorized into two areas, namely, the politicisation of the society and the administrative system, and the failure in their governance responsibilities. In Tanzania, for example, Mfuru, Sarwatt & Kanire (2018) observe that politicians interfere unnecessarily in public administration matters, exploit other public officials, and encourage societies to engage in demonstrations and agitations for narrow political gains. Similarly, in Nigeria, politicians use ethnic and clientelistic linkages as political and electoral instruments, for resource allocation and appointments. Civil society organisations can be 'purchased' to achieve political support even when it is obvious that the government or its action is misguided. Politicians hire paid mobs to counter genuine demonstrations or agitations to provide apparent legitimacy or protect narrow interests. Thus, in the country there are always public demonstrations for or against any issue no matter how obvious the truth seems. Politicisation of the administrative system through patronage and nepotism in Nigeria is the norm rather than the exception, to say the least (Ukpong 2018; Fasan, 2019). When the administrative institution and the society are politicised in this way, chances for corruption increase and the appointments to key posts are made not on the basis of merit but on extraneous considerations (Bendor, Daniel & Michael, 2003; Mfuru, Sarwatt & Kanire, 2018).

Apart from the issue of politicisation of the administrative system, civil societies and the society at large, it is important to also underline that political officials fail to a great extent in their primary role of governance. To economise space, we can only mention three key areas of this failure. These are ethnicity, corruption and disrespect for democratic norms and the rule of law. Ethnicity fans the embers of a national identity crisis, which relegates important values such as patriotism, justice and merit to the background. In countries like Nigeria, there are about four hundred ethnic nationalities which find it hard to co-exist. It is not so much the diversity that constitutes the challenge of ethnicity; rather, it is the absence of a sense of common identity and national consciousness among the groups and the exploitation of the primordial differences by politicians in the struggle for resources and other social interactions (Ikeanyibe, 2017; Ezeibe & Ikeanyibe, 2017). This leads to balkanization rather than the building of political society. In Nigeria at present, Fasan (2019) avers that the country is reeling in the throes of age-long tribal politics, now made worse by the provincial instincts of a president who lacks the capacity to see the country beyond the constricted lenses of his small part of the richly diverse society. While ethnicity has always been a challenge to the governance of the country, it has been escalated in recent times as President Buhari's hitherto five years in office has witnessed the appointment of members of his Hausa/Fulani ethnic nationalities and Islamic northerners in key positions in government consequently heightening ethnic grievances, self-determination agita-

tions, calls for restructuring of the country into regional powers and the practice of true federalism, and indeed recurrent divisions in the National Assembly along regional lines (Akhigbe, 2017; Krishi, 2018).

On the issue of corruption, despite the avowed declaration of subsequent political administrations to fight it, corruption has worsened in Nigeria. In the 2018 report by Transparency International (TI), the country was ranked 144 out of 180 countries surveyed. In the 2019 session, the country slipped to 146th position (The Cable, 2019) under the close watch of a government that made fighting corruption one of its key policy focuses during the electoral campaign in 2014. The head of TI has attributed worsening corruption in Nigeria to selective adherence to the rule of law and corruption in political parties (Channels Television, 2020). Evidence of corruption has been found much more among the class of politicians than the career officials in Nigeria (Ikeanyibe & Ibietan, 2018).

It is important to highlight that because of the ethnic diversity in Nigeria, a policy of federal character (quota system) to ensure even distribution of resources and appointments was enshrined in Section 13, Subsection (3) of the 1999 Constitution of the Federal Republic of Nigeria which states that “the composition of the government of the federation or any of its agencies and the conduct of its affairs shall be carried out in such a manner as to reflect the federal character of Nigeria and the need to promote national unity, and also command national loyalty”. By ignoring an important constitutional provision such as this, the rule of law is relegated to the background. Many other activities of the government defy the rule of law and other democratic norms. Thus executive license appears to be the trademark of the politicians with little self-assessment, competition towards improvement or strong indictment through any external peer review system. Innovation and learning is low as governments are not pushed to improve by developments recorded by their predecessors or governments elsewhere in Africa or other parts of the world.

One then wonders what role performance management has achieved at the level of politics or in terms of the role of politicians in governance. Obviously, finding ways to manage performance at that level is primary in Africa because this is the precursor of poor performance at the level of public organisations and other constituents of government and the society. The next section examines the practice of performance management at this level in Africa.

## Performance management, peer review and politics in Africa

The most common way to problematize governance and policy failure in Nigeria, nay many countries of Africa, is to blame policy implementation. This is usually expressed in a maxim such as: ‘the problem is not in formulating good policies but in their implementation.’ Ikeanyibe (2013, p. 104) avers that “statements like this seem to throw the blame of policy failure on those policy implementing agencies.” However, the role of politicians who should have responsibility over governance and policy making is not such a perfunctory one. Egonwan (2000, p. 155) provided numerous reasons why policies and government fail to provide deliverables to citizens. These include: inadequate definition of policy goals at the formulation stage,

over ambitious policy goals, lack of a well-defined programme for the attainment of goals, choice of inappropriate organizational structure in implementing policies, lack of continuity in commitment to policy, lack of clear definition of responsibility, political opposition during implementation, compromises during implementation capable of defeating policy purposes, political insensitivity to demands necessary for implementation, factor of timing in implementation, corruption, and lack of adequate data on which decisions are predicated. Undoubtedly, key among these challenges are political roles that should by necessity be attributed to the level of policy formulation and attendant leadership in governance. Unfortunately, the application of PM at this level of governance is very weak.

The traditional approach to managing, measuring and rewarding the performance of the two classes of personnel in government – the politicians and the career officials – is fairly well known and effective in most western democracies. It is generally agreed in many polities that the politician has the duty of oversight over the administrator and administrative agencies. In many polities as well, elected and appointed politicians head administrative agencies and are considered their *de jure* managers. In this way, controls over policy implementation and staff performance could be established. Procedures for implementing performance management at this organizational level as we have seen include the use of the input-output relation underscoring the three interlinked elements of target-setting, performance measurement, and rewards and/or sanctions (Boyne, 2010). But it is quite obvious that political oversights and managers who should effect PM at the micro level of the organization are often incompetent and un-committed. Hence, administrative agencies are often left to drift like a rudderless ship. The US Department of State: Bureau of Democracy and Labour (2018, p.1) has rightly placed the blame on public organisation malfeasance while assessing some elections in Nigeria when it asserts that civilian authorities did not always maintain effective control over security agencies. This can be inferred of every other executive and administrative agency.

Aside from poor control over the administrative system expected of the political officials, we can also illustrate that the application of CAF elements of PM are weakly implemented in the African context. Citizen and civil society integration entails that performance management and reward of political officials are generally operated through power of removal of political appointees, impeachment of the chief executive by the legislature, recall of legislators by their constituencies, loss of elections in the next round for a non performing political party, civil society actions and so on. Although these methods are effective in controlling politicians in some climes, especially the west, they are not strongly institutionalized in Africa and some developing democracies. Despite the resoluteness of most citizens of African countries on the value of elections as a means of changing bad government, elections in some countries of Africa remain “political moments”, which temporarily create greater uncertainty and heightened attention to politics, which can either lead to democratic gains or bring about regression (Bleck & Van de Walle, 2019). In many instances, elections and related democratic means of controlling political leaders have remained very ineffective; elections are rigged and nonperforming politicians remain in office through manipulation of the constitution and elections, with little links to the citizens. Although some African countries are making slow

progress in governance and democratic processes (see for instance Mo Ibrahim Index of African Governance, MIF, 2018), in many others autocracy, rent-seeking and what Westcott (2018) daubed the “Big Man challenge” remain entrenched and as strong as ever. Recent elections in the following countries – Cameroon, the Democratic Republic of Congo (DRC), Egypt, Madagascar, Mali, Sierra Leone, South Sudan and Zimbabwe in 2018, and Nigeria in 2019, attracted great apprehension. Most of these elections lived up to the fears. For instance, elections in Madagascar ended in violence with both presidential candidates claiming victory. In these elections, final electoral victories were only won in Court, which often depended much on technicalities rather than people’s choice or votes. The Nigerian presidential election of 2019 is said to have been described by a former United States Ambassador to Nigeria as setting a bad example for democracy in Africa. He described the Nigerian democratic polity as a geriatric and unresponsive system whose patronage politics requires candidates to have vast sums of money and the ability to distribute them (Toromade, 2019). Apparently, a democratic system that is not responsive to citizens’ electoral choice or votes does not promise the power of citizens to hold political officials accountable. This is apart from the direct consequences of such elections on political tension, divisiveness, crisis and violence (Nwokeke & Jayum, 2011) and overall performance of government. Thus the usefulness of the partnership model is obviously weak in the majority of Africa, and performance management of the political class is in that measure non-existent.

The application of self-assessment and other components of the CAF are also glossily undermined and ineffective. Although African countries have tried establishing some kind of performance management initiatives to check the excesses of governments, practice and scholarship have often neglected their evaluation from the perspective of politics-administration distinction. At the continental level, the African Union (AU) introduced the African Peer Review Mechanism (APRM) as part of the New Partnership for African Development (NEPAD), similar to the Common Assessment Framework (CAF) of the European Union. The APRM was an initiative accepted in 2001 and ratified in the 38<sup>th</sup> Ordinary Session of the AU in July 2002 (Suleman, Uys & Reid, 2008). APRM is described as “a self-monitoring process focused on good governance to which countries commit themselves in order to foster the kind of practices that would lead to political stability, high economic growth, sustainable development and regional integration” (Ibid., p.36). The 2018 Continental Annual Reports of the APRM (2019, p. 5) explains that

The APRM facilitates good governance by promoting adherence to norms of conduct contained in the African Charter on Democracy, Elections and Governance (ACDEG). The Mechanism exists as a voluntary exercise between African Union States to systematically assess and review governance at Head of State peer level.

Like the CAF, APRM uses various performance targets under four key macro policy arenas, namely, democracy and political governance, economic governance, corporate governance, and socio-economic development, for performance assessment and peer review of countries. Many African countries have signed the APRM



Memorandum of Understanding (MoU) and subjected themselves to APRM peer reviews. Previous studies (Bing-Pappoe, 2010; Wani & Suwirta, 2015; Fosu, 2017) acknowledge the necessity and the optimism of the APRM initiative as performance enhancing criteria. Individual country experiences differ as countries such as Rwanda and Ghana are acknowledged as having made progress. Bing-Pappoe (2010, p. 2) expresses some generally positive remarks although with strong reservations:

The overall picture is generally positive... Dialogue between stakeholders is occurring and changes are being introduced to the ways governments and countries are being run. There is peer learning, as experiences from one country are being introduced to others. But the pace of learning and the pace of change are slow.

This situation is also corroborated by the Mo Ibrahim Index of African Governance (Mo Ibrahim Foundation, MIF, 2018) ranking, which stated in its 2018 report that “*overall governance* in Africa remains, on average, on an upward trajectory. In 2017 the continent reached its highest governance score of the last ten years (2008–2017), 49.9 (out of 100.0), an improvement of +1.0 point from 2008”. Despite this reality, progress has been driven by few countries. In truth, many countries manifest irregularities as progress suddenly went into reverse gear. Even gloomier is the fact that countries that had previously shown improved performance showed a deterioration. MIF (2018, p. 17) reports that

34 countries, home to approximately three out of four Africans (71.6% of Africa’s citizens), have improved their governance performance over the last ten-year period. It does leave, however, at least one in four Africans (27.2%) experiencing decline in governance as 18 countries register a deteriorated score over the last ten years.

In said report, only a few countries, namely Kenya (moved from 19th to 11th), Morocco (25<sup>th</sup> to 15th) and Côte d’Ivoire (41st to 22nd) drove the progress recorded in African governance improvement, while others showed marginal improvement. It is appalling that countries such as Botswana, Mauritius, and Cape Verde, usually cited as African countries that have shown a marked difference in political and administrative development (Englebert, 2000; Ikeanyibe, 2017), were among those ranked as having shown increasing deterioration (MIF, 2018, p. 16). In a nutshell, there is little performance management system at the level of governance to sustain progress in many countries.

Understandably, the reality of irregularity and deterioration could be revealed in the way countries subject themselves to self-assessment, peer review and competitiveness. The submission of countries to the APRM peer review framework, for instance, has been poor. Only 21 countries have been base-peer reviewed and only 11 have had at least one progress report (APRM, 2018). It is not by accident that out of the 37 member countries that have signed the APRM MoU as at December 2018, better performing countries in Africa such as Ghana and Rwanda were countries that have taken their self-assessment and subsequent progress re-



ports seriously. Ghana has had six progress reports in addition to the initial peer review, while Rwanda, South Africa, Burkina Faso and Uganda have had three progress reports. These countries in reference to the MIF (2018) report were also ranked as either increasing improvement (Ghana, Burkina Faso, Uganda), slowing improvement (Rwanda) or bouncing back (South Africa). On the other hand, twenty-six (26) out of the thirty-seven (37) countries that signed the APRM memorandum have not submitted themselves to any single self-assessment, and include such high risk countries as Congo, Chad, Liberia, Mali, Niger, Sierra Leone and Sudan (Africa's self-assessment for good governance, <https://www.aprm-au.org/fr/map-areas/>). Most of these countries also are ranked poorly in the MIF (2018) report, with a good number of them showing warning signs. There is therefore high proportionality of a country's commitment to APRM review and other performance measures towards improved governance. For instance, Kenya, which is presented as one of the countries that drove progress in the 2008–2017 governance progress in Africa (MIF, 2018), is described in the APRM (2017, p. 14) report thus: "only Kenya has explored uncharted territory and singled itself out by becoming the first ever country to undergo a second type of review". The second type of review has to do with a review requested by the member country itself rather than five year statutory ones which are not met by many countries.

For a good number of countries that have subjected themselves to APRM review, Matlosa (2014, p.16) observes that there has been poor implementation of the National Programme of Actions (NPoAs). He averred that "reviewed countries have generally done poorly in ensuring effective implementation of NPoAs and the APRM Secretariat, in turn, has not yet developed effective monitoring and evaluation instruments to assess how countries are doing in respect of the implementation of NPoAs. NPoAs consist of a programme of actions based on information generated from conducted peer review. Obviously, when peer review and assessment results are not implemented and monitored, they serve no useful purpose as PM tools.

At the political level, PM features should come through committed self-assessment, competition and externally imposed ranking, monitoring and disapproval by peers or international communities. Incidentally, numerous international bodies have come up with different global performance indicators such as the MIF, World Bank ease of doing business, Transparency International, Terrorism index and a host of others. To a large extent decision-makers have come to view the global performance rankings such as the ease of doing business index as a system that compares performance, engages reputations, and incites competition (Kelley, 2017). However, the challenge is how these various measuring and ranking initiatives are rewarded or sanctioned to form strong peer and 'social pressure' (Doshi, Kelley & Simmons, 2019, p. 2) that constitute rewards/sanctions in the PM process. Some countries including Nigeria have usually shown mixed feelings about these rankings, praising and legitimising their efforts when ranking favours them, and rejecting it when it is not favourable. This is to say that commitment certainly fluctuates as ranking and opinions about governance efforts do not in effect serve as valid performance information that should guide corrections in specific governance issues. In most situations, governments in Africa portray a self-righteous approach and adopt self-praise and thus fail to appreciate the merits of PM information.

For Nigeria particularly, Jinadu (2008) remarked that there is slow implementation of NPoA and the national APRM institutions are highly dependent on the federal executive leaving room for doubt regarding reports and self-assessments. The country acceded to APRM in 2003 and had the first peer review in 2008. Although Nigeria had two progress reports in 2009 and 2011, little has been done thereafter. APRM peer review ought to take place in five year intervals (PM News, 2019). Thus, Nigeria is overdue a peer review by the APRM secretariat and indeed the internal self-assessment review that yields the progress report.

From the forgoing, it is suggestive that much of the rot in most African countries, Nigeria inclusive, emanates and thrives at the political level. The political officials have not been above board and as the US Department of State: Democracy and Labor (2018) submits, did not always maintain effective control over the administrative system. It is the political officials who, to a large extent, have the power of policy and programme authorization, funding and empowerment for implementation, and the overall control of the bureaucracy. Unfortunately, the implementation of PM at this level has been shown to be quite irregular, non-committed and perfunctory, missing the critical principles of performance management that ensure not just setting targets, but measuring performance and rewarding or sanctioning accordingly. With poor linkage of politics to citizens and the electorates in Africa to ensure what James and John (2007) describe as electoral penalty, there are still no strong instruments to enforce and monitor PM at this level. The National Performance Management Advisory Commission (2010) noted that it would require public sector leaders at all levels, both elected and appointed, not only to set high expectations for performance but also to make a commitment to improving performance. Although the APRM and other global and regional performance ranking indicators have established mediums for peer review, self-assessment and competitiveness to enhance politics in Africa, commitment to their use, and the means of enforcing reward and sanction remain suboptimal.

## Concluding Remarks

This study examined how the contextually specific assumptions underlying performance management could be understood in relation to the political officials in government in the African context based on the notion of politics-administration dichotomy and the assumed leadership/governance role of the political class in that relationship. Specifically, the study investigated how the specific assumptions of performance management should be understood in relation to the political class in government and how the role of political officials affect the performance of government in Africa, with a focus on Nigeria. The Common Assessment Framework which underscores the role of leadership in relation to other inputs – peer review, self-assessment, competitive approach and innovation and learning – which provide results in performance management, was used as the analytical framework. Based on this, the study examined how the African Peer Review Mechanism and similar global and regional performance ranking indicators have served to provide performance information and redress for African countries. The authors found that although these provide useful mediums for peer

review, competition, innovation and learning, and self-assessment, countries have not been fully committed to the subjection and use of such PM tools. The study found that Nigeria, like many countries of the African Union, have not taken the issue of sustained self-assessment and peer review seriously. Subjection to peer review, which normally should be on five year-round, last took place in Nigeria in 2008, thus now being about twelve (12) years overdue. More importantly, the African Union through the APRM Secretariat has not yet developed effective monitoring and evaluation instruments to assess how countries are doing in respect of the implementation of NPoAs (Matlosa, 2014).

Although some experts (see, for example, Tawfic, 2004) have expressed doubt in the workability of peer review mechanism in Africa, the authors think that sustaining regular and consistent peer review and self-assessment through internal and external enforcement of compliance will be a path to credible commitment for Nigerian and indeed African politicians. With this submission, the study suggests international donors paying greater attention to political reforms and using information from various global ranking indices as conditions in their bilateral/multilateral assistance, and as an instrument of subtle compulsion to support and strengthen African countries to commit peer review, self-assessment, competition and innovation and learning in governance. There is also a clear indication that the African Union APRM Secretariat needs enlarged financial and moral support to intensify, strengthen and sustain its programme of the peer reviewing of countries more frequently.

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# FACILITATING RESULTS-BASED PLANNING IN DEVELOPING COUNTRIES: THE CASE OF VIETNAM'S MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

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## **Abstract**

Over the past decade, there has been an increased use of results-based management in Vietnam and other countries, but little empirical research exists on results-based planning (RBP). This research empirically examines the impact of four organizational factors on the outcomes of RBP. Data were based on 177 respondents from the Ministry of Agricultural and Rural Development – one of the pioneering government agencies adopting RBP in Vietnam. This study finds that employee commitment and RBP-related training have a direct, positive, and strong effect on the outcomes of RBP, and leadership support and involvement, donor support indirectly affect RBP outcomes via employee commitment. This study contributes to the literature by offering empirical evidence of the role of organizational factors in implementing reforms such as RBP in the context of a developing country. Some recommendations for furthering such reforms are also made.

**Keywords:** results-based planning; reforms; commitment; RBP outcomes; leadership support and involvement; donor support; training.

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## Introduction

Over recent decades, there has been an increasing interest in results-based management among developing countries in terms of reforming their public sectors (Asia-Pacific CoP-MfDR, 2011; Middleton & Regan, 2015; OECD-DAC, 2007). Results-based management approach aims at improving management effectiveness and accountability (Curristine, 2005; OECD, 2011). It is suggested that results-based management principles should apply to every stage of public sector management (planning, programming, budgeting, implementation, monitoring and evaluation) and be placed in a country context at various levels (national, subnational, sectoral and organizational) (Asia-Pacific CoP-MfDR, 2011; Middleton & Regan, 2015).

In many non-Western developing countries including Vietnam, development planning has been one of the key policy instruments for central governments (Forsberg, 2007; Tan, 2012). Results-based planning (RBP) is expected to help improve development planning processes in such countries. In this article, RBP refers to the application of results-based management principles within the planning processes of public agencies to achieve desired outcomes.

Past studies have found that there are many factors affecting results-based management such as leadership, stakeholder and employee commitment and involvement, resources, and organizational culture, staff competence, etc. (de Waal and Counet, 2009; Mayne, 2007; Asia-Pacific CoP-MfDR, 2011). However, empirical research on RBP outcomes and its determinants in the context of non-Western developing countries is relatively scarce. In other words, there remains a lack of a robust knowledge base that organizations in such countries can rely upon to effectively implement RBP. This research seeks to answer the following research question: how do organizational factors influence the outcomes of RBP? This study used both surveys and in-depth interviews with 177 public managers and employees from the Ministry of Agricultural and Rural Development (MARD) – one of the pioneering government agencies adopting RBP in Vietnam.

This study adds to the performance management literature by examining and providing empirical evidence of the relationships between organizational factors and the outcomes of results-based reforms such as RBP in a context of a developing country. Moynihan (2006) describes the adopted reforms of the last quarter of the 20<sup>th</sup> century as giving birth to an “era of government by performance management”, however, while the most valuable studies offer fruitful information on results-oriented reforms in the most advanced nations such as the USA and UK, only limited perspectives of these movements have been discussed in the developing world so far (Moynihan et al, 2011; Gerrish, 2016; Pollitt and Dan, 2013; Gao, 2015).

In particular, our knowledge of results-based management practices as well as the actual outcomes of performance management in both developed and developing countries remains limited (Nielsen, 2014; Gao, 2015; Poister et al, 2013). Practically, this study offers public organizations some useful sug-

gestions on which organizational factors should be focused to further results-based reforms.

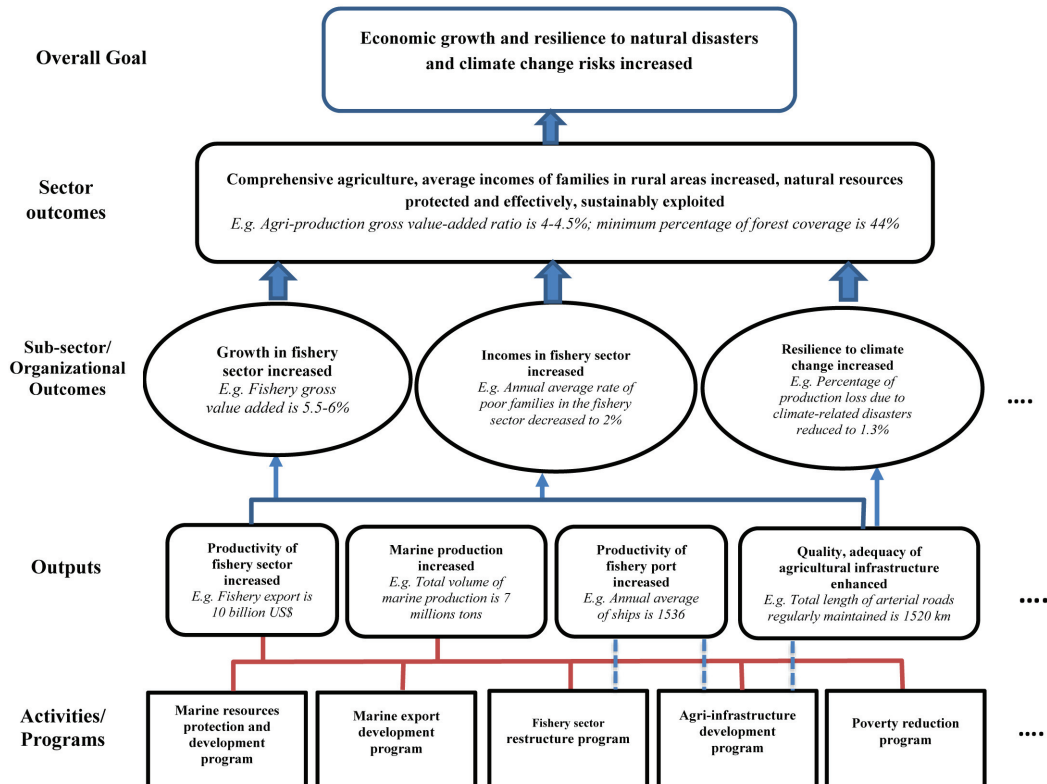
The study setting involves the Vietnam Ministry of Agriculture and Rural Development (MARD) – one among several pioneering and successful government agencies that have been implementing RBP so far. Vietnam has a tradition of five-year national development plans which provide general development orientation for the whole country and are consolidated from local and sector development plans at all lower levels (Vu, 2008; Tan, 2012; OECD, 2013; ADB, 2015).

As a result of the growing awareness within the government of the limitations of traditional planning (e.g. unclarity of development objectives, weak linkages of planning and budgets, etc.) which lead to the non-transparent and inefficient use of public resources and difficulties in conducting performance monitoring and evaluation, development planning processes have seen considerable reforms take place since 2001 (OECD-DAC, 2007). Over the past ten years, with the support of many internationally-funded projects – for example, the Asian Development Bank (ADB) provided technical assistance for the preparation and implementation of the results-based socio-economic development plan 2011–2015 (ADB, 2015) – a number of provinces and line ministries have been reforming the planning process with a results-based approach. It is worth noting that like other reforms, RBP follows the common characteristics of policy-making processes in Vietnam such as being a gradual and experimental process and being increasingly affected by external factors (e.g., international donors' influences) (Dang, 2013).

The Ministry of Agriculture and Rural Development (MARD) is a significant example. The planning reform with RBP in MARD is one of the few reform programs that have been successful in securing long-term sustainability by institutionalizing their program outputs and replicating pilot projects throughout the ministry. RBP was initially introduced as a planning reform by MARD in 2005. The main contents of this planning reform are to make their goals and means more unambiguous, focus on results, and be more closely linked to budgets, in which the development of a hierarchy of primary and secondary objectives is central (OECD-DAC, 2007; World Bank, 2011; Asia-Pacific CoP-MfDR, 2011).

So far, the adoption of RBP in government agencies has not been mandated by central government but rather voluntary and experimental. However, RBP in MARD is now mandatory for all of its subdivisions. Some key features of the results-based approach can be seen in its sectoral development plan 2016–2020. As shown in Figure 1, the overall sectoral development goal was to achieve “comprehensive agriculture, average incomes of families in rural areas increased, natural resources protected and effectively, sustainably exploited.” This highest order objective was cascaded down to six specific objective-sector outcomes (e.g., sustained and quality growth in the sector through increased productivity and production quality) and to a set of sub-sector outcomes with relevant indicators and targets (e.g., increased fishery gross value-added ratio from 5.4% in 2016 to 5.5–6% by 2020).

Figure 1: Agriculture Sector Development Plan: Fisheries



Discussions with a number of key informants in charge of making plans and actual observations in MARD find that leadership support and involvement, international donor support, employee commitment, and well-trained civil servants are key factors affecting RBP success, which are also recognized in other public reform initiatives in Vietnam (Do & Truong, 2009; MOHA, 2015; Hung et al, 2015). The following section describes the conceptual framework developed for the study to investigate the relationships between organizational factors and RBP outcomes.

## Conceptual framework

### RBP outcomes

This study defines RBP as the application of results-based management principles within the planning process of public organizations. More specifically, RBP involves rigorous analysis of intended results cascaded down from macro-level impacts to specific sector outcomes. These results must be clearly defined within a budget envelope, with indicators and targets, and with relevant monitoring and evaluation frameworks (Asia-Pacific CoP-MfDR, 2011). RBP is expected to assist organizations in increasing goal/objective clarity, improving the quality and logic of their plans, fostering transparency and accountability, and evaluation of outcomes against desired objectives.



After the economic reform, called *Doi moi* (Innovation) in 1986, in line with the transition from a centralized planning economy to a socialist-oriented market economy, some considerable changes have been made in Vietnamese development planning processes (e.g., inputs-production targets such as the types and the quantity of products needed to be produced are no longer emphasized). However, the planning process has so far still faced some limitations. To be specific, Vietnamese development plans still contain large lists of achievements, problems, objectives, targets, indicators, and things to do, without showing much connection between them. Very often, their goals and objectives are ambitious and weakly linked to corresponding programs and activities, and seldom are such goals operationalized into specific objectives which results in the low quality of and lack of logic in the development plans. These above limitations lead to difficulties for allocating resources and monitoring program performance and evaluation of actual achievement against any planned goals and objectives (OECD-DAC, 2007; Do & Truong, 2009; OECD, 2013). Also, the ambiguity to the public on how development programs using public resources can be translated into actual outcomes and impacts that will benefit them, accompanied with the lack of an effective mechanism for coordinating the planning and budget processes lead to inefficient use of resources (Williams & Cummings, 2005; Cox, 2011; Tan, 2012).

The adoption of RBP responds to such criticisms of conventional development planning. The difference is readily seen in Table 1.

Table 1

### Traditional Planning versus Results-Based planning

Dimensions	Traditional Planning	Results-Based Planning (RBP)
Main focus	Inputs, activities, outputs (process) E.g. Funding for marine infrastructure (inputs); volume of marine production (outputs)	Outputs, outcomes, impacts (results) E.g., in addition outputs, marine resources are protected; marine industry is safe and sustainable (outcomes)
Process	Internal process (within agencies and localities, with foci on the role of planning units) The analysis is based on official data from government reporting system	Participatory process (stakeholder involvement) The analysis is based on internal and external sources, incl. independent survey data
	The translation of overall goals into specific objectives is not clearly shown	The translation of overall goals into specific objectives is clearly shown, identifying (sub) sector outcomes, budget envelopes, indicators and targets, and monitoring and evaluation frameworks (results frameworks)
Outcomes of planning	Unclarity of development objectives	Increased the clarity of development objectives
	Lack of accountability and transparency	Increased transparency and accountability
	Low quality of development plans	Increased quality and logic of development plans
	Difficulty in monitoring the program performance and evaluating actual achievement with set development goals and objectives	Improved monitoring of program performance and evaluation of outcomes against desired development objectives

This study conceptualizes the construct “RBP outcomes” based on RBP definitions and its features generalized from the literature on results-based management- type reforms and applied studies on RBP, as well as the actual observation in Vietnam (as shown in Table 1). “RBP outcomes” here is referred to as a number of short-term or medium-term results that are produced by the implementation of RBP activities such as goal/objective clarity, improvement in the quality and logic of plans, fostered transparency and accountability, and evaluation of outcomes against desired objectives.

### **Organizational factors affecting RBP outcomes**

Many key variables are most certainly related to performance management practices and are well documented in the literature, including leadership, organizational culture, financial problems, performance management related- training, the number of tasks an agency performs, agency size, stakeholder and employee participation, commitment, etc. (De Waal & Counet, 2009; Heinrich, 2002; Mayne, 2007). However, no specific combination of factors has been offered which correctly forecast the success of performance management practices. Based on prior research findings and the practical evidence of the RBP adoption in the Vietnamese public sector as discussed in our introduction, four organizational factors that relatively influence RBP outcomes in Vietnam are sequentially examined in this study. They are (1) Leadership support and involvement; (2) RBP-related training; (3) International donor support; and (4) Employee commitment.

#### ***Leadership support and involvement and RBP outcomes***

Leadership support and involvement is assumed to influence RBP outcomes. The literature as well as the practical evidence of recent public sector reforms in Vietnam have indicated the critical role of leadership, especially top leadership, in the process of change and reform in public organizations (Van Der Voet et al., 2014; Wong, 2013; Hung et al, 2013; Pham, 2018). Similarly, a bulk of evidence from the literature shows that senior leadership support for a results -based approach is likely the most frequent suggestion cited in the reports of many countries on results-based management experiences (Ariyachandra & Frolick, 2008; Perrin, 2002; Mayne, 2007).

In Vietnam, very often top or senior public managers at all levels are generally responsible for the adoption of any reforms in their agencies/localities including results-based reform. Being commonly well respected and followed by organizational members due to the strong tradition of the high level of trust and obligation between leaders and followers, they are expected to help public agencies achieve positive outcomes of RBP, as widely recognized in many other public sector reforms (Pham, 2018). Indeed, during the adoption of RBP in public organizations, once top or senior managers indicate that RBP is worth considering as a high priority, and they are clearly and visibly involved not only in its initiation but also in its implementation (e.g., sending strong messages of support for RBP to their staff by giving speeches and notices, getting subordinate involvement in the process, keeping the pressure on operating units to work with RBP, encouraging followers to implement RBP, providing necessary help

and resources, and devoting time to RBP process), the possibility of reaching the desired outcomes of RBP will be increased.

Based on the above-mentioned arguments, we hypothesize:

*H1: Leadership support and involvement has a direct, positive effect on RBP outcomes*

### ***RBP related training and RBP outcomes***

Practical evidence in Vietnam shows that providing training and guidance on specific reform programs to managers and employees significantly contributes to reform success. Undoubtedly, training provides managers and staff with the necessary knowledge, skills and abilities to develop and use policies/programs successfully (Schraeder et al, 2005). Over the past few years, thousands of Vietnamese civil servants at all levels, including managers and non-managers, have been sent on relevant training courses whenever a specific reform program is deployed (e.g. Project 30 on the simplification of administrative procedures, One-stop-shop model, Programs on IT application and development, etc.) (Hung et al, 2013; Pham, 2018). Similarly, providing RBP related-training for public servants who are involved in RBP implementation is of importance for its success.

It is worth noting that adopting a results-focus requires skills not used in past input-oriented plans, such as the ability to use different management techniques in collecting and using statistical data, monitoring performance on a variety of measures, reporting performance, and reevaluating strategies and targets based on performance information. In addition, to ensure clarity and common understanding of RBP, and then its successful implementation and use, training needs to be effective. RBP-related training is considered effective if (1) implementers are provided, through training courses, with the basic knowledge and skills of RBP (e.g., definition, benefits of results-based planning, problem tree analysis, objective tree analysis, logic model framework for planning); (2) the trainers are required to provide many excellent and real-life examples of RBP as well as encourage their trainees to raise any questions related to the application of RBP; and (3) the trainees can apply their knowledge and skills of RBP learned from training courses in their work.

Obviously, during the implementation of RBP, such effective training provided either by their superiors or relevant training institutes helps employees to get familiar with the basic concepts of RBP, and therefore understand more about the whole planning process and clearly know how to implement necessary steps, which enhances their confidence and acceptance of RBP and participation in RBP processes, leading to the achievement of desired outcomes of RBP such as increased clarity of plan objectives and increased quality, logic, and feasibility of plans. This argument is supported by clear evidence in the literature that the absence of effective training could hinder the success of performance management approaches (Ohemeng, 2009; De Waal & Counet, 2009; Hung et al, 2015). Based on the above arguments, the following hypothesis will be tested:

*H2: Effective training of RBP has a direct, positive relationship with RBP outcomes.*

### ***International donor support and RBP outcomes***

External support acts as an important determinant of successful change efforts including performance management (Abramson & Lawrence, 2001; Mayne, 2007;

Fernandez & Rainey, 2006). As discussed in our introduction, RBP was initially introduced in Vietnam by international donors as the technical and financial support for the implementation of its development planning reforms (Forsberg & Kokko, 2007; Tan, 2012). Like other developing countries, due to the globalization trend, international ideas and practices related to public administration such as new public management, ISO accreditation and job description have been transferred to Vietnam in many ways (e.g., through international donors, NGOs) (Vasavakul, 2006). For example, the adoption of a new public management (NPM) approach including RBP in the Vietnamese public sector is mostly rooted in the impacts of successful reform experiences from Western countries and the encouragement of various international donors such as WB, UNDP, ADB, etc., as it is in many other developing countries (Garcia Moreno & Lopez, 2010; OECD-DAC, 2007).

Hence, it is argued that the success of RBP in the public sector in a developing country such as Vietnam partly depends on the degree of international donor support. According to Hung et al. (2013, 2015) and through practical observation in several Vietnamese public agencies that have been implementing results-based reforms such as RBP, international donors sometimes play a key role in getting such reforms adopted in agencies, but after such reforms commence, international donors often shift their support, technical and financial alike, to other agencies or projects, which leads to the failure or termination of reforms in certain public agencies.

To ensure RBP success, sufficient support from international donors, both technical and financial, is of necessity. This argument is supported by the recommendations on enhancing donor support to reform initiatives provided by OECD (2004), World Bank (2008), and Hung et al. (2013). The effects of international donors' support on the outcomes of RBP can be illustrated in the following ways: (1) providing technical and financial support to help the implementing agency's members to become familiar with RBP; (2) funding their initial efforts in RBP; and (3) partly ensuring the continued use of RBP in these agencies. This support helps increase employees' familiarity with and confidence in the new planning approach, thereby increasing employees' participation and involvement in RBP, resulting in reaching desired outcomes of RBP. Therefore, we hypothesize:

*H3: Sufficient international donor support has a direct, positive effect on RBP outcomes.*

### ***Employee commitment to RBP and RBP outcomes***

A number of previous studies indicate the positive association between employee commitment to change and the success or positive outcomes of change initiative (Herscovitch & Meyer, 2002; Meyer, 2007; Jaros, 2010; Hill, 2012). Commitment to a change is defined as 'a mindset that binds an individual to a course of action deemed necessary for the successful implementation of a change initiative' and includes three dimensions: '(a) a desire to provide support for the change based on a belief in its inherent benefits (affective commitment to the change), (b) a recognition that there are costs associated with failure to provide support for the change (continuance commitment to the change), and (c) a sense of obligation to provide support for the change (normative commitment to the change)' (Herscovitch & Meyer, 2002, p. 475). Herscovitch and Meyer (2002) suggest that all of these com-

ponents should combine to influence employee behaviors in implementing change. In the case of RBP which is considered as a change in the planning approach, once employees feel a desire to cooperate with RBP based on their belief in its values (affective), think that it should be better for them to support RBP (continuance), and feel of sense of duty to work toward RBP (normative), they will participate in RBP processes more actively, resulting in the increased clarity of plan objectives and the increased quality and logic of plans. Thus, we hypothesize:

*H4: Employee commitment to RBP has a direct, positive effect on RBP outcomes.*

#### ***Employee commitment as a mediating factor***

A review of previous studies finds a positive and significant relationship between training and employee commitment (Conway & Monks, 2008; Ocen & Angundaru, 2017; Nkosi, 2015). According to Conway and Monks (2008), training is one of the “top four” HRM practices positively affecting employee commitment to change. Indeed, training has a positive impact on affective commitment to RBP because training helps employees understand the benefits of RBP which leads to the feeling of desire to contribute to RBP, whereas training positively influences normative commitment as it emphasizes feelings of the necessity to reciprocate benefits accorded to employees by RBP. Also, training can affect continuance commitment to RBP because it helps employees recognize the costs associated with resisting change. Thus, there may exist a connection between RBP-related training and employee commitment to RBP, and outcomes of RBP in which employee commitment to RBP plays a mediating role. In other words, employment commitment to RBP is included as a potential mediator of the training – RBP outcomes relationship. Therefore, we hypothesize:

*H4a: Employee commitment to RBP mediates the relationship between RBP-related training and RBP outcomes.*

Similarly, past studies indicate the positive relationship of leadership practices and employee commitment to change (Herold et al, 2008; Wallace et al, 2013; Van der Voet et al, 2016). In the case of RBP, managers, by sending strong messages of support for RBP to their staff through giving speeches and notices, encouraging subordinates to implement the new approach, providing necessary help and resources, devoting time to the RBP process, and getting subordinate involvement in the process, can help to increase followers’ awareness and understanding of the values of RBP to their organization as well as the personal benefits they can gain from RBP implementation, resulting in the feeling of desire (affective) to support RBP among employees. In addition, by keeping the pressure on operating units to work with RBP, managers can create the feeling of a sense of duty to work toward RBP (normative) and recognition among employees that it should be better for them to support RBP. This will lead to the compliance with the requirement of RBP which ensures that all necessary RBP activities are undertaken plus more participation in RBP processes, resulting in the increased clarity of plan objectives and the increased quality and logic of plans. Thus, this study hypothesizes:

*H4b: Employee commitment to RBP mediates the relationship between leadership support and involvement and RBP outcomes.*



Also, practical observation in Vietnam shows that international donors, through their technical support such as providing employees with knowledge on RBP and coaching them how to use useful management techniques and tools in collecting and using statistical data, monitoring performance on a variety of measures (logical framework, objective tree analysis, etc.) can increase employee's awareness of the potential benefits. RBP can bring to their agencies and themselves, hence, creating the feeling of desire to support RBP (affective commitment) and the recognition of personal benefits associated with supporting RBP (continuance commitment). Moreover, through financial support by donors such as providing budgets for collecting and analyzing data, training, etc. employees can obtain certain benefits which help increase their commitment to RBP. Gilley (2005) finds that employees tend to commit more to the change if they can find personal benefits from change implementation. Hence, we hypothesize:

*H4c: Employee commitment to RBP mediates the relationship between international donor support and RBP outcomes.*

## Methods

### Sampling and data collection

This article focuses primarily on the Vietnam Ministry of Agriculture and Rural Development (MARD) which is one of the pioneering government agencies adopting RBP. The sample (both for the surveys and the interviews) consisted of public employees from MARD who are considered as the most knowledgeable about RBP and directly involved in its implementation and use. The sampling frame was constructed using the snowball sample technique which started with a collaboration with the staff from MARD's Planning Department who facilitated the researcher's access and provided us with a list of public managers and employees central to the agency's RBP practices. We then contacted those managers and employees and asked them to provide the information needed to locate other members directly involved in their organizations. As a result, 177 participants were identified.

Quantitative surveys and qualitative interviews were used in our two-stage data collection. The first stage began with five interviews that assisted the researcher to further refine the survey questionnaire which was initially developed based on the literature review and pre-tested by two experts. In the following step, to test the clarity of the study as well as to avoid errors, a pilot survey was conducted with 25 randomly selected respondents. Based on the results of quantitative data analysis using SPSS 23, final revisions were made before conducting the main survey. Subsequently, of all 177 paper questionnaires distributed, 132 completed responses were returned within six weeks, giving a response rate of 74.6%. The respondents have undergraduate degrees (76.6%) and graduate degrees (16.6%), and have been working for eight years in their organizations on average. This suggests that the respondents had sufficient knowledge and ability to understand and thus respond to the questionnaire appropriately.



## Measures

The survey included all the key variables measured on a fully anchored 5-point Likert scale including RBP outcomes and organizational factors as described in the framework. A detailed list of measures is shown in Appendix. The instrument for RBP outcomes was purposely developed for this research and based on Asia Pacific CoP-MfDr (2011), Middleton and Regan (2015) and the results of pre-survey interviews. This term is defined as the actual benefits results-based approach brings to the planning process. The scale for this construct includes six items. The example item is “As a result of using results-based planning in my unit, we increased the clarity of our objectives.” RBP-related training involves a newly developed set of four items (after removing two items with low outer weight). The example item is “I was provided by training courses with basic knowledge and skills of results-based management.” Employee commitment to RBP is measured with four items based on Hercovitch and Meyer’s (2002) commitment to change scales with a minor adaptation. The example item is “I believe in the value of RBP.” We measure international donor support including four items. The item of “Funding from international donors is important for our continued use of RBP” is an example. The instrument for leadership support and involvement was developed mainly based on Thompson and Fulla’s (2001) and Fernandez and Rainey’s (2006) work. The lead-in of the question is ‘In my organization, my leaders...’ The example item is “Are very much aware of the importance of RBP.”

To further refine the survey questionnaire, we conducted five semi-structured, qualitative interviews using the following questions: (1) How does your agency/unit use RBP? (2) What do you see as the most important benefits of RBP in your organization? (3) What are the key success factors of doing RBP in your agency and explain why? The interview instrument was structured in the form of sequential easy-to-hard questions, and either auto-recorded or with the notes taken, and interview transcripts were analyzed.

Also, we conducted a test for common method bias (CMB) in PLS using Lindel and Whitney’s (2001) marker variable approach. The maximum shared variance with the other variables of marker variable is only 6.86% (.262<sup>2</sup>), which shows that CMB is not a significant concern in our data.

## Data analysis and key findings

A framework from the literature review and empirical observations of current RBP in the Vietnamese context was developed and tested using mixed methods with foci on the survey. Quantitative data were analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique, whereas qualitative data obtained from in-depth interviews were thematically analyzed and used to refine the survey instruments developed from the literature and pre-validated measurement items. We applied PLS-SEM to investigate how organizational factors impact RBP outcomes due to the following reasons. First, Structural Equation Modeling (SEM) is a powerful statistical technique that is widely recommended to use as an appropriate method in social science (Hair et al,

2011). Basically, PLS-SEM is similar to regression techniques, but simultaneously tests the measurement model (relationships between a latent variable and its indicator) and structural model (relationships among latent variables) (Verbeeten, 2008). Second, our theoretical model considers the indirect relationship between variables via mediators which can be easily disregarded in standard regression techniques (Moynihan et al, 2011). Third, compared to other SEM techniques, PLS does not require large sample sizes and residual distributions (Chin et al, 2003; Hair et al, 2014). Following Hair et al's (2014) guidance, we subsequently examined the measurement model and the structural model for discriminant and convergent validity and reliability, and for testing hypotheses, respectively.

### Measurement model

Table 2 provides the information on variables and measurement. Items utilized to measure all reflective constructs were highly reliable with all the Cronbach's Alpha > 0.79, indicator outer loadings were greater than 0.70, the average variance extracted (AVE) for all variables was higher than the accepted level of 0.5 (Hair et al, 2014), and composite reliability was well above 0.8, demonstrating acceptable convergent validity. In addition, outer loadings of all constructs were higher than all their cross loadings with other constructs (not shown), indicating acceptable discriminant validity.

Table 2

### Reliability and convergent validity assessment of the reflective constructs

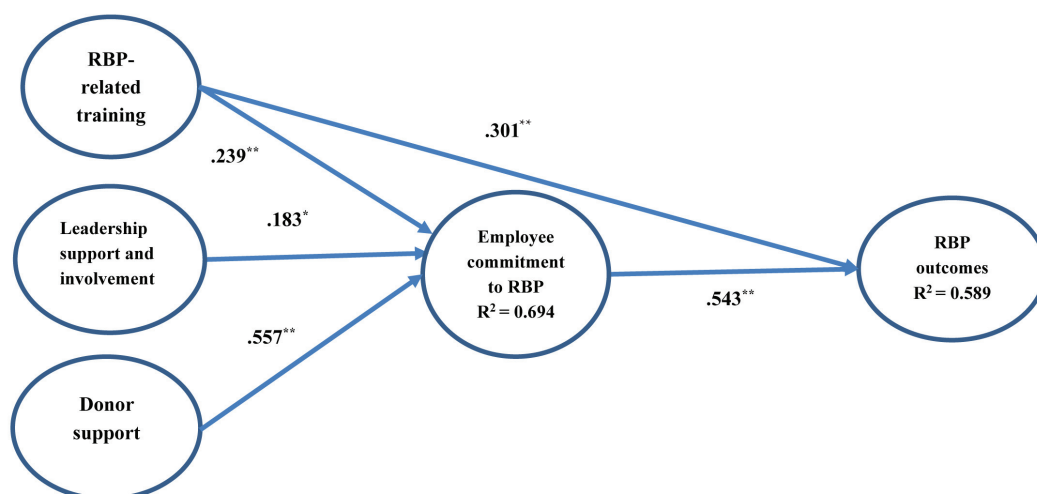
Constructs	Items	Loading	Sig	Alpha	CR	AVE
RBP outcomes (6)	1	.886	p < .001	.973	.976	.774
	2	.904	p < .001			
	3	.864	p < .001			
	4	.874	p < .001			
	5	.907	p < .001			
	6	.898	p < .001			
Employee commitment to RBP (4)	1	.914	p < .001	.907	.941	.843
	2	.943	p < .001			
	3	.937	p < .001			
	4	.903	p < .001			
Leadership support and involvement (4)	1	.810	p < .001	.887	.918	.691
	2	.903	p < .001			
	3	.838	p < .001			
	4	.845	p < .001			

Constructs	Items	Loading	Sig	Alpha	CR	AVE
Donor support (4)	1	.829	p < .001	.895	.927	.760
	2	.910	p < .001			
	3	.912	p < .001			
	4	.833	p < .001			
RBP-related training (4)	1	.859	p < .001	.859	.904	.702
	2	.886	p < .001			
	3	.814	p < .001			
	4	.789	p < .001			

### Structural model

The structural model is assessed by collinearity, the level and significance of the path coefficients and the coefficient of determination ( $R^2$ ), effect size ( $f^2$ ), predictive relevance ( $q^2$ ) (Hair et al, 2014). All constructs in the model have tolerance levels above 0.20 and VIF below the critical value of 5 (not shown). Hence, collinearity among the predictor constructs is not an issue in the structural model. The blindfolding results show that  $q^2$  and  $f^2$  values are above 0 (not shown), indicating that the exogenous constructs have predictive relevance for the endogenous constructs under consideration. The bootstrapping results show that the majority of path coefficients are significant. As suggested by Fornell (1982), all insignificant relationships were eliminated from the PLS-SEM model to identify equivalent models that fit the data and theory best. Ultimately, we arrived at a final PLS-SEM model specification (see Figure 2). As shown, the PLS-SEM structural model includes path coefficients, significance level (p-value), and variance explained ( $R^2$ ) for each endogenous construct (dependent variable).

Figure 2: Final PLS-SEM structural model



Note: \*\* p < .001, \* p < .05

The examination of total effects, as shown in Table 3, brought more interesting results. To be specific, it shows the strength of each driver construct that ultimately influences the target construct (RBP outcomes) via the mediating construct “Employee commitment to RBP.” Among predictor constructs, employee commitment has the strongest total effect on RBP outcomes (.543), followed by training (.431), and donor support (.302). The results obtained from running bootstrapping show the  $R^2$  values of RBP outcomes (.589). In this research model, 58.9% of the RBP outcomes variation is explained by its relationships with RBP-related training, employee commitment, leadership support and involvement, and donor support.

Table 3

**Total effects**

	Employee commitment	RBP outcomes
Employee commitment		.543
RBP-related training	.239	.431
Leadership support and involvement	.182	.099
Donor support	.557	.302
<i>R square (<math>R^2</math>)</i>	<i>.694</i>	<i>.589</i>

In order to further examine findings of the relationship of organizational variables and RBP outcomes provided by standard PLS-SEM analyses, two advanced analyses were conducted including mediator analysis and importance-performance matrix analysis (IPMA) (Hair et al, 2014). It is hypothesized that the relationships between the constructs “RBP-related training”, “Leadership support and involvement”, “Donor support”, and RBP outcomes are mediated by employee commitment. To test whether these relationships exist, a necessary condition is the significance of the relationships between these constructs and employee commitment (.239, .183, .555 respectively), and between employee commitment and RBP outcomes (.584) (Hair et al, 2014). The bootstrapping results (not shown) indicate the significance of these relationships ( $p < 0.05$ ). Hence, employee commitment to RBP mediates the relationships between training, leadership support, donor support, and RBP outcomes. The results of IPMA analysis (not shown) show that employee commitment to RBP is of primary importance for creating RBP outcomes, but its performance is lower than the average value of all constructs. Thus, to improve RBP outcomes, the construct of employee commitment to RBP should be emphasized.

*Hypothesis testing and significant results on the hypothesized relationships between organizational factors and RBP practices*

As suggested by Hair et al (2014) and Kock (2015), to test the significance of hypothesized relationships which serves to test hypotheses, the bootstrapping procedure was conducted. Hypotheses with a significance value of  $p < .05$  are con-

sidered as statistically supported (Hair et al, 2014, Kock, 2015). The bootstrapping results indicate that five out of seven hypothesized relationships (i.e., H2, H4, H4a, H4b, H4c) are supported.

As expected, H2 is accepted, indicating the positive influence of RBP-related training on RBP outcomes. The path coefficient and p-values show that employee commitment has a direct and positive influence on RBP outcomes, providing evidence for supporting H4. Interestingly, no statistical evidence from the data is found to support the direct relationships between leadership support and involvement as well as donor support and RBP outcomes, hence H1 and H3 are rejected. However, these two constructs indirectly impact on RBP outcomes via employee commitment, thus H4b, H4c are accepted. The results also show that RBP-related training has an indirect impact on RBP outcomes via employee commitment (H4a) alongside its direct relationship with RBP outcomes as confirmed in H2.

There are several findings worth noting. Employee commitment has the strongest effect on RBP outcomes. This result supports previous studies indicating the positive association between employee commitment to change and the success or positive outcomes of change initiative (Herscovitch & Meyer, 2002; Jaros, 2010; Hill, 2012). RBP-related training has both direct and indirect influence on RBP outcomes. This finding agrees with results from previous studies indicating the importance of training in developing and using results-based initiatives successfully (Schraeder et al, 2005; Ohemeng, 2009; De Waal & Counet, 2009; Hung et al, 2015). Although leadership support and involvement and donor support have no direct relationships with RBP outcomes, they indirectly affect RBP outcomes via employee commitment. A statement by a planning expert from MARD could be one explanation for these insignificant direct relationships with RBP outcomes:

In my own view, the role of international support is normally limited to the initiation phase, this means that once RBP has been adopted in a certain agency, they are no longer involved. Similarly, top or senior managers are clearly and visibly involved mostly in RBP initiation, but not in its implementation.

Also, most qualitative evidence in this study indicates the crucial role of top managers and international donors in introducing and getting RBP adopted by MARD. For example:

As for top leaders, they mainly demonstrate their strong support and high commitment to this new planning approach [RBP] publicly through their speeches in meetings or conferences, especially in front of international donors and higher management level...even one of our top manager used to strongly stress that “we should have adopted results-based planning 10–15 years ago”. To be frank, thanks to these supports, this planning method has been adopted in our Directorate until now.

All related training courses have been provided to civil servants in our Ministry through internationally funded projects

## Discussion and conclusion

The main objective of this study is to examine the impact of organizational factors on RBP outcomes in a developing country such as Vietnam. The findings show that employee commitment to RBP has a strongly positive and direct relationship with RBP outcomes, followed by RBP-related training, while donor support and leadership support and involvement indirectly affect RBP outcomes via employee commitment. Based on these findings, the study suggests that to improve RBP outcomes, employee commitment should be more emphasized and that leadership support and involvement, international support and effective training can help increase such commitment.

Prior to furthering the discussion on the implications of this study, some limitations from the data and measurements are noted. First, as our study uses questionnaire methodology, the issue of common method bias (CMB) should be considered. Instead of using “hard measures” in this study we used self-report data from public employees to evaluate the RBP outcomes which may not reflect accurately what the actual RBP outcomes are. Most of the measures were developed for the purpose of this study based on the previous research coupled with observations of existing contexts of RBP. Therefore, much remains to be done for further refinement. To minimize the possibility of measurement errors, we conducted a careful research design with pre-survey interviews and questionnaire testing. Also, our test conducted for CMB in PLS-SEM using Lindel and Whitney’s (2001) marker variable approach shows that CMB is not a significant concern in our data. Second, our data were collected in Vietnam – a one-party and centralized state with its unique and complex planning system, therefore the findings may not be transferable to other countries. Another source of concern may be the selection of snowball sampling methods that may limit the generalizability of the findings (Brewer & Miller, 2003; Atkinson, 2001). However, this research was carefully designed and followed strict sampling procedures suggested by the previous researchers (Heckathorn, 1997; Atkinson, 2001), which can minimize this limitation.

The research makes a significant contribution to the performance management literature by providing empirical evidence of the relationships between organizational factors and the outcomes of results-based reforms such as RBP in a context of a developing country. In a developing country such as Vietnam, where development planning is still a vital instrument of policy-making, furthering outcomes is essential to on-going results-based public sector reforms. Despite the initial promising results of RBP, much still needs to be done to overcome the remaining challenges to RBP. Much still needs to be learnt about why results-based reforms and their elements achieve success in some developing countries, but less so in others (Mongkol, 2011). By offering public organizations an insight into the specific factors as a means of furthering RBP, this study has the potential to help increase the chance of successful implementation and widespread use of results-based reforms in Vietnam as well as in other developing countries.

Notably, practical experience of RBP in the Vietnamese Ministry of Agricultural and Rural Development shows that donor support is among the organiza-



tional factors that create RBP outcomes, though indirectly via employee commitment. This suits the fact that the adoption of such a new management approach as RBP in the Vietnamese public sector, like in many developing countries, has been affected by the encouragement (even forces) of various international donors such as WB, UNDP, etc. However, such reform programs are often successful in the short-term rather than in the long-term. Hence, in order to get RBP widely and successfully applied in Vietnam in the long-term, government agencies need to gradually reduce the dependence on international donors in sustaining RBP through increasing the role of leadership at all levels and training, thereby helping enhance employee commitment to RBP. This is possible as Vietnam has a tradition of strong country ownership of its reform programs though it is among the largest recipients of ODA in the world (World Bank, 2007).

The study findings can be very helpful in developing certain training programs to increase the commitment to RBP among public employees, thereby increasing RBP outcomes. To be specific, courses on results-based management with fundamental knowledge and skills of this approach, a considerable amount of time, and the participation of knowledgeable, skillful, and experienced instructors should be part of training or retraining programs for civil servants at all levels. Public leaders, especially at the top level should seriously participate in such training courses even though it is tough to get them to undertake such training. However, if results-based management is added to the national curriculum for the training and retraining of civil servants, it will be easy to persuade leaders to adopt and sustain RBP though they do not receive any support from international donors.

Despite its limitations, our study offers several interesting and promising findings and it does provide several opportunities for future research. Firstly, since some measures of the study constructs, significantly the RBP outcomes, are newly developed based on the literature review and practical observations in the Vietnamese context, it would be of interest if the validity and reliability of these measurements are more rigorously tested in future studies. Secondly, there are several possibilities for the application of these research findings. Specifically, these findings can be applied in other developing settings with the same conditions as those in this research and then a comparison of the findings across contexts can be conducted. Also, future studies could include a larger number of Vietnamese public agencies in their sample to empirically test the generalizability of the research findings towards the whole public sector. Thirdly, more specific and longitudinal research on the practices of RBP in developing settings would provide us with a deeper understanding of RBP itself and the determinants of RBP outcomes as our research uses cross-sectional data. Though pre-survey interviews were conducted as a supplement to surveys, neither of the key variables in our research, especially RBP outcomes, was examined in much depth or breadth.

In conclusion, towards a “whole-of-government managing for results” that is expected to create a more accountable, transparent and effective government, each government agency should start RBP with careful consideration of the organizational factors affecting this planning approach, and then integrate RBP into all the other stages of public sector management (programming, budgeting, implementation, and monitoring and evaluation).

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## APPENDIX

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### Construct measurement items

RBP outcomes (Developed for this study but based on: (Asia Pacific CoP-MfDr, 2011), (Middleton & Regan, 2015)).

1. Increased the clarity of our objectives.
2. Increased quality of our plans.
3. Increased logic of our plans.
4. Increased the feasibility of plans.
5. Increased accountability and transparency in our planning.
6. Improved the evaluation of outcomes against desired objectives.

RBP-related training (Developed for this study but based on: (Mayne, 2007), (Hung et al., 2015)).

1. I was provided by training courses with basic knowledge and skills of RBP (e.g., definition, benefits of results-based planning, problem tree analysis, objective tree analysis, logic model framework for planning).
2. During our training, we were able to ask questions about how we could use RBP.
3. Our trainers provided many excellent and real-life examples of RBP.
4. After receiving training, I can apply knowledge and skills of RBP in my work.

Employee commitment to RBP (Developed for this study but based on: (Hercovitch & Meyer, 2002)).

1. I believe in the value of RBP.
2. I think that management is making the right decision by introducing RBP.
3. I feel a sense of duty to work toward RBP.
4. I do not think it would be right of me to oppose of RBP.

Leadership support and involvement (Developed for this study but based on: (Thompson & Fulla, 2001), (Fernandez & Rainey, 2006)).

1. Are very much aware of the importance of RBP.
2. Are strongly involved in a new planning process.
3. Keep the pressure on operating units to work with RBP.
4. Always support and encourage subordinates to implement the RBP approach.
5. Provide most of the necessary help and resources to enable subordinates to implement RBP.

International donor support (Developed for this study but based on: (Forsberg & Kokko, 2007), (Hung et al., 2013)).

1. My agency receives support from international donors for implementing RBP.
2. International donors helped us to become familiar with RBP.
3. International donors funded our initial efforts in RBP.
4. Funding from international donors is important for our continued use of RBP.



# MANAGEMENT, GOAL ALIGNMENT, AND PERFORMANCE ASSESSMENT LEGITIMACY: EVIDENCE FROM THE COLOMBIAN PUBLIC SECTOR<sup>1</sup>

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## Abstract

The performance assessment process of public servants, in countries with civil services still in development, usually appears as a formality, instead of a key input of the strategic management process. This situation reduces its legitimacy perception among key organizational actors, leading to a vicious circle in which performance is neither informative nor binding, nor generates positive incentives towards greater performance. This article quantitatively explores the determinants of legitimacy of the performance assessments among Colombian public officials at the subnational level, using data from a large survey of public servants. The authors find that, although transparency portrays a mixed relationship with legitimacy, the role that the managers play, and the level of individual/organizational assessment alignment, are positive determinants of the levels of legitimacy of the performance management system.

**Keywords:** performance management; performance assessment; legitimacy; civil service; Colombia; Latin America.

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Performance assessments are said to be potent tools for inducing desirable behaviors among employees (Ayers, 2013; Kim, 2010), although other studies explore the dysfunctional consequences of them (Siverbo et al, 2019; Dahler-Larsen, 2014; Van Thiel & Leeuw, 2002). According to the literature, the use of performance assessments has three main purposes at the organizational level: knowledge development/management and agency control (Daley, 2005); goal alignment; and behavioral change (Kim, 2010). Moreover, as a management tool, the assessment is expected to provide reliable information about staff performance and to enable the evaluator to optimize feedback and improve capacity (Kellough, 2012; Kim, 2011). The literature in public management has argued that it has the ability to elicit behaviors that increase (or decrease) employees' performance and to help employees to align with organizational goals (Kroll, 2015). Thus, performance assessment, being more than a tool to measure productivity, operates as an intervention that positively affects behaviors and subsequently key employee and organizational outcomes.

Moreover, its design and implementation are said to influence the perceptions of legitimacy that public servants may develop about the performance management system and about the organization at large (Deephouse et al., 2017). Understanding the legitimacy (or the lack of it) that performance management elicits among collaborators might help explain why there are so divergent results across different systems (Kroll, 2015). Understanding the role of legitimacy in the functioning of performance management systems may help understand why, in some particular contexts, they have been found to be a mere formality with low levels of adherence and credibility among evaluators and public officials (Sanabria, 2015).

Moreover, there is a perceived gap between the expected role of the assessments and the actual implementation of such procedures at the organizational level that affect public servants' perceptions of legitimacy. According to the literature, this gap can be driven by: structural problems in performance management systems and instruments of measurement (Kellough, 2012; Randell, 1994); the role and intensity of the participants in the evaluation process (Andrews et al., 2012; Kim, 2011); and the cultural and communication difficulties inherent to the process (Ayers, 2013; Kellough, 2012). Thus, not only do technical aspects of the evaluation work hinder its effective implementation but also other perceptual, cultural, and communicational factors among supervisors and employees.

Although those implementation gaffes are not rare, even to some developed countries with fully working performance management systems, countries with civil services still in development oftentimes completely lack appropriate performance measurement systems. Whereas some of them have *de jure* systems, they usually appear not to be operational. For instance, in Colombia a law was enacted in 2004 to develop a comprehensive and ambitious system of performance measurement in the public sector. More than 15 years later, the law is still in the process of being fully implemented. The situation seen in Colombia is not uncommon to most developing countries in similar stages of civil service development (Iacoviello & Strazza, 2014, p. 36; Longo & Echebarría, 2014, p. 64).

In such civil services the performance measurement is, even when implemented, usually perceived as a nonbinding process. Furthermore, the evaluation system receives little recognition as a managerial tool for organizational and individual improvement (Strazza, 2014, p. 29). Thus, not only is its implementation partial, but also the system casts doubts on its actual ability to measure and elicit higher performance.

Given this, this article attempts to explore the determinants of the perceptions of legitimacy of performance assessments among Colombian public officials<sup>2</sup>. In this regard, this work offers three main contributions: First, it provides an empirical study of the legitimacy of performance assessment in the context of a country still striving with the professionalization of its civil service, bringing new insights about the limitations of strategic management in the public sector in developing countries. The Colombian case in itself epitomizes an interesting case of a developing civil service that blends different traits of political patronage, bureaucratic professionalization and new public management (Sanabria, Forthcoming) that can inform the effects of adopting a performance management system in a still-in-progress system. Second, according to the latter, the results can enlighten policy design and highlight the pitfalls of the implementation process in a context little studied. Third, the findings can help to better understand how public organizations can respond to positively affect legitimacy perceptions among public servants.

## What drives the legitimacy of performance management systems among public servants?

There is a growing recognition in public administration empirical scholarship about the value of the performance assessments as a tool for improving performance (Ayers, 2013; Buller & McEvoy, 2012; Delic & Cebic, 2011; Kellough, 2012; Kim, 2011; Kroll, 2015; Murphy & Cleveland, 1995; Meyer et al, 2014; Nigro & Kellough, 2014; Prowse & Prowse, 2009). Performance assessments depict an important role in performance oriented management systems because of their ability to induce desirable behaviors among employees (Ayers, 2013; Kim & Holzer, 2016) and enhance employee motivation, and adjust the way they work in order to achieve organizational goals (Lin & Kellough, 2019). Similarly, they are instrumental in the design and structure of Human Capital Management (HCM) policies and other related outcomes such as employee wellbeing and career development (Daley, 2005; Kellough, 2002; Murphy & Cleveland, 1995). Those characteristics, besides helping the execution of the HCM strategy, bring legitimacy to the management decisions and help improve organizational performance.

<sup>2</sup> The study focused on public officials at the subnational levels of government. Since 1991 Colombia is a decentralized unified State with autonomous territorial entities. The system aimed to vest the subnational governments with financial, administrative and political decentralization. The current arrangement brings to subnational governments (*Alcaldías y Gobernaciones*, in Spanish) the implementation responsibility of the key public policies such as health and education.

However, for an assessment system to work properly and contribute to the global organizational strategy, evaluations have to be perceived as legitimate by employees. As the empirical scholarship has shown, when an employee perceives performance-oriented rules in his organization as fair and trustful, his commitment and motivation with the organization's mission will increase (Kim, 2010). According to Kim and Holzer (2016), the path to improve effectiveness among performance appraisal systems relies on enhancing employees' perception about the importance of the assessments as a tool to develop their career capacities. Therefore, it is expected that a positive relationship is found between public officials' views regarding the performance systems and the actual performance (Ayers, 2013).

As Suchman (1995) explained, legitimacy is an anchor point of the normative and cognitive forces that constrain, construct and empower organizations. Prior scholarship has used multiple definitions of legitimacy (Box, 2002; Cruz-Suárez et al., 2014) and according to Deephouse et al. (2017), this concept has evolved considerably. In this work, legitimacy is defined as "the perceived appropriateness of an organization to a social system in terms of rules, values, norms and definitions" (Deephouse et al., 2017, p. 32).

This definition incorporates the strategic vision of the subject from the management perspective, emphasizing the role of the perception without neglecting its own cultural influence of the institutionalist approach. It also includes the Fambry and Harper (2005) view of organizational legitimacy as the process of stabilizing and establishing the organizations and activities that are often the foundations of the bureaucratic system.

Overall, organizational legitimacy is a notion with a multidimensional character that usually varies according to the context or according to particular actions (Cruz-Suárez et al., 2014; Suchman, 1995). In fact, organizational actions may have different levels of legitimacy among employees, even within the same organization. Compared to other managerial tools, performance management systems are usually subject to strong scrutiny and critical views by employees, but they need to be highly legitimate to work. According to Bouckaert (1993), and Streib and Poister (1999), in order to actually contribute to improve management, an effective performance measurement system must be legitimate, especially to lower level employees. Thus, legitimacy strengthens the measurement system but, beyond that, it provides it with the necessary resources to make it trustful and sustainable.

What drives perceptions of legitimacy of performance measurement among employees? Previous scholarship has attempted to identify the operational elements affecting the views of employees on performance management systems and its success. Accordingly, we identify three different types of drivers in the extant literature:

- Structural and design-oriented problems in performance management systems and instruments (Delic & Cebic, 2011; Kellough, 2002; Randell, 1994; Prowse & Prowse, 2009);
- Goal alignment and political economy of the process (Andrews et al., 2012; Ayers, 2013; Kellough, 2002; Meier & O'Toole, 2002, 2003, 2013; Kim, 2011);
- Organizational context and culture (Prowse & Prowse, 2009).

We explore the literature regarding those different types of drivers in the following subsection.

### **Structural and design-oriented problems in performance management systems and instruments**

An appropriate performance management system requires objective and consistent instruments, designed to be instrumental to the organization's strategy. Moreover, in order to inform strategic processes, the organizational actors should perceive the performance assessments as valid, reliable, practical, and fair (Delic & Cebic, 2011). Additionally, to become part of the organizational day-to-day practice, and to generate spillovers to other organizational practices, Kellough, (2002) and Agbola (2011) argue that performance assessments have to become a continuous process, rather than a moment in time. The literature has shown how important it is to adequately implement performance measurement as a strategic task but, more importantly, to make it a continuous activity through constant tracking, feedback, and revision in every possible way (evaluator to employee, employee to evaluator, and the like).

Some authors have found systematic weaknesses in performance assessment methods and instruments (Delic & Cebic, 2011; Kim, 2011; Kellough, 2002; Murphy & Cleveland, 1995) that affect their legitimacy. An important source of bias and deficiency in performance assessments is the rater error. These errors, inherent to human subjectivity, introduce perceptions of unfairness and injustice among employees, enhancing their dissatisfaction (Murphy & Cleveland, 1995). Such sentiments can be intensified if the organizations do not have an appropriate, clear, rating scale (Kellough, 2002; Kim, 2011). Not all organizations can be measured in the same way, but more importantly, not all employees can be assessed following the same rating criteria. In this regard, the rating scales need to be adjusted to the particular employee functions and to their outcomes, but also they have to be able to reduce the rater biases at the same time (Kellough, 2002; Kim, 2011). The systematic weaknesses in performance assessment introduce noise and doubts to the performance management process, reducing its reliability among the organization community.

This is why the method of assessment, and the key processes attached to it (for instance how the information is recollected and conveyed), are essential to building legitimacy throughout the entire performance process. Any lack of clarity or misperception is a real threat to the reliability of the system but, more importantly, to the legitimacy of the organization's entire strategy.

### **Goal alignment and key stakeholders' role in the process**

One of the main purposes of a performance management system is the alignment between the organizational goals and the employee's individual objectives. A proper alignment would be ultimately reflected in both group and employee behaviors, which eventually influence organizational outcomes. In fact, such alignment is usually a necessary condition to improving the organizational performance (Andrews et al., 2012; Kim, 2010) through work motivation and strategic communication. Moreover, the assessment process should help employees comprehend and accept the firm rules (Lin & Kellough, 2019). Thus, another characteristic of a suitable performance management system is to establish a set of active strategies, rules and incentives, which can lead to better alignment between the employee and the organization.



Conversely, when goals and incentives are misaligned, organizations could face a classic agency dilemma which is very costly. For it induces significant distortions in the organization's strategy and in the operation itself. An evaluation system that misaligns the incentives and goals between the organization (the principal), and the employee (the agent), introduces significant distortions that make the achievement of key organizational outcomes more difficult. Thus, an ill-designed evaluation system can increase transaction costs and weaken the psychological contract between the employee and the organization, increasing legitimacy. Thus, according to the two reviewed aspects, the first hypothesis of this study is:

H1: There is a positive relationship between the level of individual/organizational assessment alignment and the perceived legitimacy of performance assessment among employees.

There is one key actor within such a process, the manager/supervisor. Their role is primarily to ensure the assessments' contribution to the competitive advantage of the firm (Buller & McEvoy, 2012; Meier & O'Toole, 2002). Besides, managers are highly influential as to how goals and incentives can be more easily aligned between the employee and the organization. In this vein, Meier and O'Toole (2002) found a positive relationship between the managers' quality and the organizational and individual performance. When top management commits to the performance management process, they introduce legitimacy to the entire management (Kim, 2011) and the relationship between raters and ratees is important for perceptions of the assessments process (Rubin & Edwards, 2018). When managers internalize and communicate the benefits of adhering to a performance management framework, they present a clear message to all the employees as to how important individual performance is for the organization (Delic & Ćebić, 2011; Kellough, 2002). Furthermore, Kim and Holzer (2016) found that lack of employee trust in her rater/supervisor would negatively affect her perceptions of performance appraisal and its fairness.

Thus, our second research hypothesis is:

H2: There is a positive relationship between managerial quality and the level of legitimacy of performance assessments perceived among public servants.

### **Organizational context and culture**

Providing feedback is one of the key rituals within the whole performance management process (Kellough, 2002). According to Delic and Ćebić (2011), and Kim (2011), its potential relies not only on its potential to improve employee performance but also on its socialization ability to convey values, practices and goals from the organization to the employee. It is a unique moment to manage and motivate low performers (Hollenbeck et al., 2012). Moreover, the feedback rituals and the organizational protocols around them are crucial to improving legitimacy.

Recent scholarship has attempted to explore the social context that surrounds performance management processes, aiming to disentangle its effects on organizational adherence and legitimacy of the evaluation process (O'Toole & Meier, 2014). For instance, Levy and Williams (2004, p. 883) stated that in or-



der to understand and develop effective performance appraisal, it is necessary to previously identify, measure and define the organizational context. This affirmation is consistent with the Murphy and Cleveland model (1995) whereby the context can affect both the rater error and the employee performance orientation. Thus, the organizational context and culture variables, such as transparency practices, have to be considered when attempting to explain the role of legitimacy within the performance management system and its effects on organizational performance.

The level of transparency with which public servants perceive the organizational process and rituals affects the effectiveness of performance evaluations. Hence, when the procedures have systematic weaknesses in their protocols, and they are not strongly rooted in the organization's rituals, they induce distortions and noise among stakeholders, reducing their reliability among the organization community and, more importantly, affecting the organizational legitimacy. In this regard, transparency is a key driver of legitimacy since employees provide great value to the openness with which processes are performed and to what level they are clear and explicit. Accordingly, the last hypothesis is:

H3: There is a positive relationship between the transparency perception and the perception of legitimacy of performance assessments among public servants.

## Colombian performance appraisal system

Colombia adopted merit in civil service as a principle of the 1991 political constitution. Since then, different governments have strived to achieve merit-based procedures on public employment, and have aimed to adopt modern practices in public employment and human resource management, including the introduction of a performance management system. Recent governments have even introduced institutional arrangements aimed at adopting a comprehensive management system.

A law issued in 2004 defined the appraisal's scope and made evaluations mandatory at all levels of government and agencies. Accordingly, the National Civil Service Commission (NCSC), the organization that rules and controls the Colombian public service, has continuously been specifying and building the performance assessment system according to the general indications of the Ibero-American Charter of Public Management (CLAD, 2003)<sup>3</sup>. The NCSC has also defined the general standards of performance for the system's implementation, allowing some leeway to both organizations and subnational levels of government to adapt the evaluation instruments to their own particularities. Consequently, a general (de jure) framework to adopt performance management already exists as a strategy within Colombian public organizations. However, as it is usual in performance management systems, the main challenges rely on the implementation.

<sup>3</sup> The Ibero-American Charter of Public Management is a non-binding common framework implemented since 2003, which establishes the public function bases to improve the government performance and strengthen democracy. The Charter principles must be adapted to the countries' context by a normative development.

According to the Colombian normative framework (the most recent update was in October 2018), the performance evaluation process is continuous and has four main stages. First, some goals and commitments are established between the manager and the employee. After this, the supervisor has to track the officer's performance and creates an evidence portfolio. With this information, the superior develops the semiannual evaluation, which is a partial assessment that will help to improve officer performance through providing their feedback by the middle of the twelve-month period. Following this, the monitoring process continues until February when the final evaluation takes place.

It is important to highlight that, according to the normative framework, performance assessments are conceived as an objective and permanent tool of Human Capital Management (HCM) and are allowed to measure institutional performance (Acuerdo 6176 de 2018). De jure, they are considered binding for HCM processes such as promotion, training and professional development. Yet, even though the law states that the appraisal results must be used to make decisions about tenure and other key employee outcomes, there is a gap between the expected and the actual results of performance assessments. Despite the Colombian government's efforts to implement the performance system, according to the OECD (2013), it does not yet operate as a proper and effective performance management framework. Nowadays, despite negative perceptions from the citizenry about the quality of public services, a significant proportion of the staff consistently receives high performance ratings. In this context, low performance is widespread throughout the government and the managers find it quite difficult to use the system as a tool to motivate public servants (OECD, 2013, p. 336). The limitations of the implementation reduce the general legitimacy of the assessment among public officials and supervisors, leading to a vicious circle, which does not help to improve either the assessments or the actual organizational performance.

Some actions and norms that currently regulate the performance assessment system generate incentives that could jeopardize its legitimacy. For example, the current regulatory framework places the responsibility of job reinstatement with the evaluators. The above situation can encourage evaluators to remain outside of the process and to prefer to report a positive assessment instead of having the risk of facing conflicts and legal processes. This is consistent with Lin and Kellough (2019), who illustrate those behaviors from certain managers aiming to avoid the procedures, paperwork and time necessary to justify low ratings. However, the authors explain, inflated ratings would weaken efforts at performance management and decrease their utility as a managerial tool.

Some authors illustrate those challenges and warn about their effects on legitimacy. They argue that there is widespread recognition that performance evaluations are ill defined and adopted (Careaga, 2013; Ospina & Hoffman, 2015). According to human resources (HR) officers, an appraisal is not an effective tool and is difficult to connect with the strategy (Careaga, 2013). The HR officers perceive a wide disconnection between formulators and implementers at both the macro (national) and the micro (subnational and organizational) levels (Ospina, 2000; Ospina & Hoffman, 2015).

Furthermore, the evaluation system receives little recognition from key actors involved in the process, and consequently they do not appear to use it as a tool for organizational and individual improvement (Strazza, 2014, p. 29). Moreover, its effects are very low since it does not help to generate a proper incentive framework, but instead can appear to reduce the evaluators' commitment to the process. Those flaws hinder the advancement and use of the performance management system as a management tool and, more importantly, erode its own legitimacy among evaluators and employees. In this way, the Colombian case can inform about the legitimacy challenges that performance management systems in developing countries oftentimes face. More importantly, it can also help illustrate how the lack of legitimacy affects the chances for successful implementation.

## Data and Methodology

This article uses a mixed method approach. First, we conducted four initial semi-structural interviews in order to explore key aspects of legitimacy of performance assessment implementation in government organizations. Our qualitative analysis focused on the human resources managers' perception about the performance assessment and its implementation within their organizations, keeping in mind the key determinants that were listed before.

The interviews were conducted in person in 2015. The interviewees were Human Resources Managers of four different subnational agencies with diverse administrative, economic and social contexts. These interviews were transcribed and codified by the authors using NVIVO software and the procedure allowed us to identify the principal ideas and link the quantitative results with the theory framework. The coding variables were selected in order to have information about the aforementioned determinants, the importance of the assessments as a managerial tool and its legitimacy, the type of the organization, recommendations and improvements that the interviewee mentioned that took place in their organization.

The interviews provided us with key insights for the analytical design and allow us to confirm some of the literature review conclusions about the perception of performance assessments and their determinants, and moreover, to know about the implementation process of the normative guidelines at the subnational level. One of the major observations is that most interviewees consider performance assessments as a key tool to manage human resources. However, at the same time, they were highly critical of the system and its approach, although they certainly consider and identify opportunities to improve the assessments. This gives some idea of how important the evaluation process is regarded independently of their perceptions of legitimacy.

Yet, the perceptions of legitimacy about the performance assessment process contrasted according to the particular location and the institutional capacity associated with local government. For instance, in Quibdó, the capital of Chocó, the poorest province in Colombia, negative perceptions prevailed in the interview with the official in charge. On the other hand, in Antioquia

and Valle del Cauca (the most developed provinces in the country) the HR officials expressed positive perceptions about this process. This is not surprising considering that the most deprived areas have historically lacked State presence, and, in these same places, the HR practices appear to be less modern. This might explain the stark differences between the two neighboring departments of Chocó and Antioquia. Thus, the level of institutional capacity at the subnational level appears to affect perceptions of effectiveness and legitimacy in the performance assessments.

In general, conceptual categories such as supervisor role, management tool, and goal alignment are the principal constructs that the interviewees mentioned systematically as key to the assessment processes. In fact, the role of supervisor/evaluator appears as the most prominent determinant of legitimacy for most interviewees. This is reflective of how the HR officials link up the managers' attitudes and behaviors with the overall performance assessment implementation.

Most statements regarding legitimacy and transparency perceptions included negative perceptions of the evaluations among the interviewed HR officers. In a few cases, they gave positive testimonies about the system as a whole and its effects on organizational performance. Nonetheless, they emphasized how the alignment between the individual and the organization is instrumental to truly improve performance.

Building on the confirmation of the key constructs from the interviews, we conducted a quantitative analysis of the drivers of legitimacy of performance evaluations. We built a model that aims to explain the legitimacy perceptions among employees in the Colombian public sector in the national government. We based the analysis on two dependent variables regarding employees' perceptions about the individual and organizational effects of performance assessments.

Considering that the two dependent variables are categorical with more than two options (Long and Freese, 2001), we did run two ordinal probit model estimations. In these variables the employees, using a five-point Likert scale, expressed different levels of agreement (totally disagree, disagree, agree and totally agree) about the role of the performance assessments as a management tool in the mentioned two dimensions (incentive and input).

Our unit of analysis is public employees at the provincial level (*departamentos*<sup>4</sup>). The main source data is the yearly Survey of Institutional Environment and Development (EDID by its acronym in Spanish) conducted by the Colombian National Statistics Department (DANE in Spanish). The EDID survey collects information about public employees' views on several aspects of the working environment and organizational performance (DANE, 2013). We relied on data from this survey from 2009 to 2012 (available data), a sample above 19.000 observations. Although the EDID is a perception-based survey, the sample size helps to control for common source bias and other usual measurement errors in such types

<sup>4</sup> Colombia is divided into 32 departments and one Capital District.

of data. We added key controls at the organizational and subnational levels. Table 1 lists our dependent and independent variables:

Table 1

### Variables Description

Variable	Type	Description	Survey Question	Source
Legitimacy Incentive (First Dependent variable)	Ordinal Categorical	Public officer views as to how the performance appraisal operated to improve her/his performance	– The implementation of officials' performance evaluation encouraged officials to improve their work	Survey of Institutional Environment and Development (EDID) Colombia's National Statistics Department (DANE)
Legitimacy Input (Second Dependent Variable)	Ordinal Categorical	Public officer views as to how the performance appraisal operated as an input of the organization performance management system	– The implementation of officials' performance evaluation was taken into account to improve the service provided by the entity	
Managerial Role (Independent variable)	Index (0 to 100)	Index built with perception questions on the managers legitimacy (team building, direct knowledge, double-loop learning)	<ul style="list-style-type: none"> <li>– The directors had full knowledge of the difficulties and solutions presented in the development of the tasks.</li> <li>– The directors took into account the contributions of the teams in the decision-making process.</li> <li>– The directors led to personal and technical growth of its team</li> </ul>	
Individual and organizational assessment alignment (Independent variable)	Ordinal Categorical	Use of individual performance assessment in the evaluation of the global government performance	– For the institutional evaluation: How much is considered the result of performance evaluation of officials?	
Organizational Transparency perception (Independent variable)	Index (0 to 100)	Index constructed with perception questions about transparency on key organizational processes (Budgeting planning and allocation)	Planning and budget execution is based on: <ul style="list-style-type: none"> <li>– Personal, family or friendship ties?</li> <li>– Ties or political pressure?</li> <li>– Unofficial payments?</li> <li>– Logrolling?</li> <li>– Regional links?</li> </ul>	

CONTROLS			
Variable	Answer	Description	Source
Provincial Yearly GDP	Billions of Colombian pesos	Provincial yearly GDP at 2005 constant prices	Provinces National Accounts
Provincial Yearly GDP Growth	Percentage	Provincial yearly GDP growth between 2011 and 2012 at 2005 constant prices	Provinces National Accounts
Municipal Size Category	Ordinal Categorical	Provinces capital classification according to the population size	Resolution 705 de 2013 Contaduría General de la Nación
Distance	Kilometers	Provinces capital distance to Bogotá	Google Earth
Administrative Capacity	Index (0 to 100)	Index of Municipal Performance (IMP)	Integral Municipal Performance National Planning Department (NPD)
Abstention	Percentage	Percentage of the eligible voters who did not vote in 2011 local elections	Registraduría Nacional del Estado Civil

**Source:** Compiled by the authors.

In this study, the first dependent variable (Legitimacy Incentive) refers to the employees' perception about the assessments' capacity to induce a positive change in the public officials' behavior. It is an ordinal categorical variable, which takes values between 1 and 5. Higher values in the variable represent a more positive perception of effectiveness in improving performance. It does not only measure how legitimate they are perceived by public servants, but also how useful they consider them in regard to improving organizational performance. This variable has 19,471 observations between 2009 and 2012 with a mean of 3.28 and 1.23 as standard deviation. The subset distribution is left-skewed. However, almost 40% of the employees do not perceive the performance assessments capable of inducing a positive change in the public officers' behavior.

According to Gerrish (2015, p. 15), allowing the public officers to know the performance measurement results may be associated with better performance conditions. In this sense, the second independent variable is Legitimacy Input. It refers to the public servants' perception about the use of assessment results as an input to improve the organization's performance. This variable also has 19,471 observations between 2009 and 2012 with a mean of 3.56 (1.2 standard deviations). It has a left-skewed distribution and more than 70% of the subset consider the assessments as an input to the global organizational performance.

The empirical literature on public management has shown that the supervisor's role and attitude can have a positive effect on organizational and individual performance (Kellough, 2002; Kim, 2010; Meier & O'Toole, 2002, 2003; Prowse & Prowse, 2009). Accordingly, our first independent variable is Managerial Role index. It measures the employees' perception of their supervisor's attitude.



This index ranks between 0 and 100 and has 77.4% of internal consistency (Cronbach's Alpha). The mean is 65, which indicates that the perception about supervisor roles in the provincial governments is over the median value. The standard deviation of this variable is 23.1.

The second independent variable is Individual and Organizational Assessment Alignment. These variable measures whether the performance assessments are able to align individual performance with organizational goals and outputs. (Ayers, 2013; Kellough, 2002; Kim, 2001; Murphy & Cleveland, 1995). This ordinal categorical variable reflects the employees' perceptions as to how the individual performance assessments are taken into account within the global organizational performance evaluation. This variable distribution is left-skewed with a mean of 3.6 and 1.3 standard deviation, which imply a positive employee perception about the alignment between organizational performance evaluation and individual performance assessments.

Finally, the Transparency Perception index measures the employees' opinions about how well the organization plans, allocates and executes the budget. Higher values in this index suggest better perceptions about budgeting processes in the organization. This index ranks between 0 and 100. The internal consistency in this index is 95.8% according to Cronbach's Alpha. In this case, the subset mean is 49.3 (with 28.3 standard deviation), implying that the perceptions about transparency in managerial practices are neither positive nor negative.

To capture factors that explain the organizational and subnational heterogeneity we added some covariates/control variables. The economic productive differences are controlled with the provincial yearly GDP (2005 constant values). The second control variable is the percentage of the provincial yearly GDP growth between 2011–2012. Additionally, differences in population sizes are measured with the Colombian municipal classification system<sup>5</sup>. A third control variable regarding centralization measures the geographical distance between national and subnational government. Then, the administrative capacity variable measures different aspects of municipal activity, as well as the local governments' capacity (HR and technological resources availability) (DNP, 2012). Finally, voting abstention measures the percentage of eligible voters who did not vote in 2011 local elections, as a proxy of trust and legitimacy of local governments.

## Results

The results of the ordinal probit estimations are shown in Table 2. The first and fourth specifications present the dependent variables, legitimacy incentive and legitimacy input, explained only by the independent variables without control/covariates. Results show that in both specifications, the supervisors' legitimacy, organization/individual alignment, and transparency perception are 99% statistically significant.

<sup>5</sup> Nowadays, Colombia has 1.098 municipalities that are classified in seven categories according to population and income levels in 2007, 89% of the municipalities were classified in the lowest category (six), and only five cities were considered in the special seventh category.

Table 2

## Ordinal probit results

	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	Legitimacy _Incentive	Legitimacy _Incentive	Legitimacy _Incentive	Legitimacy _Input	Legitimacy _Input	Legitimacy _Input
Managerial Role	.0171***		.0173***	.0173***		.0173***
	(.000396)		(.000484)	(.000394)		(.000401)
Individual and organizational assessment alignment	.294***		.293***	.336***		.335***
	(.00669)		(.00685)	(.00715)		(.00767)
Transparency perception	-.00158***		-.00113***	.00204***		.00218***
	(.000316)		(.000299)	(.000253)		(.000261)
Provincial Yearly GDP		4.65e-07	2.73e-06***		-1.81e-06***	6.08e-07
		(3.68e-07)	(3.71e-07)		(4.01e-07)	(3.88e-07)
Provincial Yearly GDP Growth		-.390	-.550*		-.387	-.530*
		(.272)	(.246)		(.288)	(.243)
Municipal Size Category		-.100***	-.0121		-.111***	-.0202*
		(.0112)	(.00942)		(.0103)	(.0135)
Distance		.000272***	.000224***		.000152***	8.80e-05*
		(3.95e-05)	(4.49e-05)		(4.82e-05)	(3.68e-05)
Administrative Capacity		-.000632	-.000376		-.000639	-.000500
		(.000752)	(.000844)		(.000751)	(.000744)
Abstention		.00178	-.00436**		.00608***	8.80e-05
		(.00172)	(.00175)		(.00190)	(.00164)
Pseudo – R2	0,1297	0,0028	.1317	0,1523	0,0026	0,1526
Wald Chi2	3709.62	176.45	4114.01	6262.03	143.80	5739.26
Observations	19,471	19,471	19,471	19,471	19,471	19,471

**Note:** \*0.1; \*\*0.05; \*\*\*0.01.

**Source:** Compiled by the authors.

In the second and fifth specifications, only control/covariates were included. This seeks to establish whether the control variables are relevant to explain differenc-

es between Colombian local/provincial governments. In the first case, when we understand the legitimacy as the assessment's ability to incentivise the public officers, Municipal Size category and distance between the provincial capital and Bogotá are statistically significant. Additionally, on the other dependent variable (fifth model specification), Provincial Yearly GDP and Abstention are also statistically significant. In conclusion, the addition of the control/covariates is relevant in this model for both dependent variables and increases the robustness of the estimations.

The third and sixth specifications show the complete model exhibiting more robustness and highest goodness of fit measures. All independent variables are statistically significant. The magnitude of the change in legitimacy explained by the determinants is shown in Table 3, as well as the marginal effect coefficients of the third and sixth ordinal probit model specifications. These results help to identify how much –on average– the Supervisors' Role, the Alignment between the Individual and the Organization, and the Transparency Perception, change the officers' legitimacy perceptions about the performance assessments.

Table 3

### Marginal Effects – Coefficient of Third and Sixth Model Specification<sup>6</sup>

Legitimacy Incentive	Coef.	Legitimacy Input	Coef.
<b>Totally Disagreement</b>		<b>Totally Disagreement</b>	
Managers Role	-.0013973***	Managers Role	-.0006738***
Individual and organizational assessment alignment (Independent variable)	-.0236543***	Individual and organizational assessment alignment (Independent variable)	-.0130219***
Transparency Perception	.0000909***	Transparency Perception	-.0000847***
Provinces GDP	-2.20E-07	Provinces GDP	-2.36E-08
Provincial Yearly GDP Growth	.04436*	Provincial Yearly GDP Growth	.0205952*
Municipal Size Category	.0009777	Municipal Size Category	.0007832*
Distance	-.0000181***	Distance	-3.42E-06*
Administrative Capacity	.0000303	Administrative Capacity	.0000194
Abstention	.0003519**	Abstention	-3.42E-06
<b>Disagreement</b>		<b>Disagreement</b>	
Managers Role	-.005137***	Managers Role	-.0046076***
Individual and organizational assessment alignment (Independent variable)	-.0869635***	Individual and organizational assessment alignment (Independent variable)	-.0890409***

<sup>6</sup> The marginal effects of an ordinal probit model presents always opposite sign in the first effect (i.e. when  $\beta_k$  has a positive sign, an increase in  $x_k$  reduces the probability of the lowest category). In the other hand, the last marginal effect presents the same sign (i.e. a positive  $\beta_k$  indicates that an increase in  $x_k$  increase the probability of the highest category).

Legitimacy Incentive	Coef.
Transparency Perception	.0003341***
Provinces GDP	-8.09E-07
Provincial Yearly GDP Growth	.1630867*
Municipal Size Category	.0035945
Distance	-.0000666***
Administrative Capacity	.0001116
Abstention	.0012937**
<b>Agreement</b>	
Managers Role	.0037713***
Individual and organizational assessment alignment (Independent variable)	.0638439***
Transparency Perception	-.0002452***
Provinces GDP	5.94E-07
Provincial Yearly GDP Growth	-.1197295*
Municipal Size Category	-.0026389
Distance	.0000489***
Administrative Capacity	-.0000819
Abstention	-.0009497**
<b>Totally Agreement</b>	
Managers Role	.002763***
Individual and organizational assessment alignment (Independent variable)	.0467739***
Transparency Perception	-.0001797***
Provinces GDP	4.35E-07
Provincial Yearly GDP Growth	-.0877172*
Municipal Size Category	-.0019333
Distance	.0000358***
Administrative Capacity	-.00006
Abstention	-.0006958**

Legitimacy Input	Coef.
Transparency Perception	-.0005791***
Provinces GDP	-1.61E-07
Provincial Yearly GDP Growth	.1408256*
Municipal Size Category	.0053551*
Distance	-.0000234*
Administrative Capacity	.0001329
Abstention	-.0000234
<b>Agreement</b>	
Managers Role	.0021702***
Individual and organizational assessment alignment (Independent variable)	.0419389***
Transparency Perception	.0002728***
Provinces GDP	7.60E-08
Provincial Yearly GDP Growth	-.0663298*
Municipal Size Category	-.0025223*
Distance	.000011*
Administrative Capacity	-.0000626
Abstention	.000011
<b>Totally Agreement</b>	
Managers Role	.0031112***
Individual and organizational assessment alignment (Independent variable)	.0601239***
Transparency Perception	.000391***
Provinces GDP	1.09E-07
Provincial Yearly GDP Growth	-.0950909*
Municipal Size Category	-.003616*
Distance	.0000158*
Administrative Capacity	-.0000897
Abstention	.0000158

**Note:** \*0.1; \*\*0.05; \*\*\*0.01.

**Source:** Compiled by the authors.

The first independent variable, Supervisor's Role, has a positive relationship with the performance assessments legitimacy, both as incentive (first dependent variable) and as input (second dependent variable) at a 99% level of confidence.

This result is consistent with Hypothesis 2. The higher the perception of the managers' role, the lower the probability of having a negative perception about the performance assessments. In other words, when the employees perceive managers to have an effective role throughout management activities such as team building, shared knowledge, and double-loop learning, the legitimacy of the performance assessment, as a managerial tool, increases.

The alignment variable is also statistically significant at a 99% confidence level in both specifications. In this case, the independent variable has a positive relation with the assessment's legitimacy (dependent variable), as was expected in Hypothesis 1. The implication of this result is that, when the perception of alignment increases in one unit, the legitimacy perception increases too. Consequently, when employees see individual performance as instrumental for the evaluation of the general organization's performance, the legitimacy of the performance assessment increases.

Finally, the Transparency Perception variable is also significant at a 99% confidence level but evidences a mixed relation with the dependent variable. When the legitimacy is determined by the ability of the performance assessments to induce a better individual performance (Legitimacy Incentive), in those cases when the Transparency perception decreases (i.e. the employee perceives irregular activities inside the organization), the probability of perceiving the performance assessments as an effective tool to change behaviors increases. This result suggests that negative perceptions about transparency on key organizational processes, such as budgeting planning and allocation, may increase the legitimacy of the performance assessments among the employees. This result does not fall in line with Hypothesis 3 expectations but can be explained by the fact that individuals who demand greater transparency might be better aligned with the rationale and logic of the performance management processes itself.

On the other hand, when we operationalize the legitimacy of assessments through the use of appraisal information in order to improve organizational performance (Legitimacy Input), the relationship with the Transparency Perception variable is positive, as we expected in Hypothesis 3. In other words, when employees perceive irregular practices in their organizations, their legitimacy perception of the assessments decreases and vice versa.

## Discussion

Our analysis shows that factors like supervisor's role, the alignment between the global performance evaluation with the individual assessments, and the perception of transparency about key organizational processes, are correlated with the public servants' views about the legitimacy of the performance assessment system. These organizational aspects provide insights about the degree of acceptance of the performance assessment process inside organizations in developing civil services, but also inform us about the usefulness of such strategic processes by bringing (or not) valuable information to the management process.

Our results indicate that even in civil services not fully developed, employees' perceptions of the role of supervisors in the performance evaluations affects

their acceptability of the process. Therefore, when: a) the managers are concerned about the employees' issues, b) consider the employees' contributions to the team, and c) encourage personal and professional growth within the teams, the legitimacy of the performance assessments increases. This might indicate that although some power relationships and managerial lines are not clear in civil services in developing countries, they still operate to affect employee acceptance of new managerial strategies such as performance assessments.

However, in accordance with the Human Resources Managers that were interviewed, it exposed the following about the managers role in the assessment process in the Colombian context:

*"... It is more a matter of the empowering level of each department's head to assimilate it as a good managerial practice within each unit. Sometimes, we find that it is taken more as an instrument that generates greater administrative burden and not as a benefit. In other words, they take it more as something that has to be done. But they do not take it as system that will allow departments to improve"*

*"Therefore, they bear too many responsibilities, and in the last three years, they have been more sensitive, they have listened a little bit more and they have responded in such a way that it has increased a lot, at least the task (the evaluation). However, we have not been using it as a management tool. We are not getting there yet. But at least they are realizing that we have to start evaluating".*

On the other hand, our evidence also shows that when the employees see an alignment between the performance assessments and the global evaluations of the organizational results, the legitimacy of the performance management system also increases. In this case, when the organizational evaluation includes the results of the employees' assessments, the perception of the assessment as a managerial tool increases too. Thus, we can infer that the management can combine organizational and individual performance assessment results in order to communicate better and facilitate alignment. Accordingly, such processes appear to help to induce positive behaviors among employees from those agencies where the organizational and individual incentives/goals are aligned.

Accordingly, aligning individual and organizational evaluations of performance is a powerful way to generate more legitimacy for the system as a whole. This can lead in turn to facilitate the alignment of the goals of the individual with those of the organization. Hence, communication strategies must be focused on. In contrast, despite some human resources managers in Colombia pointing to the importance of this alignment, it continues to be a common problem in public administration as we can see from their statements:

*"it is feedback for the employee, to make personal improvement plans. So, evaluation is needed to know how you are doing and how you can improve. That seems very important to me. Besides, I think this is part of the administration's plan, then, the area, and then the working group. It tells us how far we have come and how far we can go.*

*"Essentially the evaluator does not have exact knowledge about the government plan and its program. (The institutional goals, what it really is). Therefore, perhaps, the commitments are settled outside that frame. To which, perhaps, they deem it to be convenient or at least what the functions manual says. Nothing more. It is all about it".*



*“All the individual performance must be evaluated. So, from there it is that the individual improvement plans are immersed, as well as the evaluation of the units’ progress, if they are meeting the goal of the Government’s Plan and if they are doing the procedures and processes of each area. Therefore, it is pertinent to the administration to implement the assessment system”.*

Additionally, the quantitative results indicate that when the employees perceive irregular practices in their agencies, the perception about the performance assessments as an incentive to improve performance decreases. In this case, employees who care more about the transparency of some organizational processes are more likely to perceive as more legitimate a fair, due process based, performance management system. On the other hand, when the appraisals operate as an input to improve the global organizational performance, the relationship with transparency perception is positive. Our results confirm previous evidence that employees respond differently to performance management systems according to their views on transparency and fairness. Those employees who put a lower value on transparency can be less willing to be assessed and this can eventually elicit lower levels of legitimacy of performance management systems that in turn lead to a rejection/critique of the instruments.

Our analysis and data portray some limitations. First, the study uses information from the Survey of Institutional Environment and Development (EDID by its acronym in Spanish) and Administrative Capacity Index (ACI), which depend on self-reported information and employees’ perceptions about HCM practices. Additionally, the administrative capacity index, supplied by the National Planning Department, is based on self-reported information by the subnational governments. This kind of information could have some measurement problems, especially while the agencies learn how to present the information to obtain better results. In addition, surveys can be affected by social desirability bias. To mitigate the effect regarding quantitative data, we used a time series with more than 19,000 observations in three years and added key control variables and covariates. However, the nature of the study and the information sources that are available reduce the options to moderate the biases.

## Conclusions and policy recommendations

This article provides three main contributions: First, it provides an empirical study of the legitimacy of the performance assessment in the context of a country still striving with the professionalization of its civil service, bringing new insights about the limitations of strategic management in the public sector. Second, the results can enlighten policy improvement and highlight the pitfalls of the implementation process in a context that has been little studied. Third, the findings can help to understand better how public organizations can act to affect legitimacy perceptions in a positive way.

In Colombia’s local government context, when managers display an active role, and an alignment between the individual and the organization is perceived, the legitimacy of performance assessments increases. These results reveal that improvements to the current level of legitimacy do not necessarily need a change

in normative framework. In fact, since the determinants of the assessments' legitimacy appear to be mainly related to cultural and organizational aspects, key changes can be induced without costly *de jure* changes (Deephouse et al., 2017). For example, improving communication between employees and their supervisors about performance may be better than redesigning the entire appraisal system (Rubin & Edwards, 2018).

Accordingly, our results remark the importance of reinforcing three key contextual aspects of the performance assessment process in order to improve its legitimacy and, beyond that, to ensure its usefulness for the organizational strategy. First, the role of the supervisor can be enhanced through training and repetition and the process itself must be clear and transparent in order to generate useful information and facilitate the relationship between the supervisor and the employee along the process of evaluation (Sanabria et al., 2016; Sanabria & Avellaneda, 2014). Second, the communication process must strategically link the contribution of the employees to the organizational mission in order to display more clearly the alignment between individual and organizational performance assessments, and to ensure goal alignment. Third, transparency is key to generate civic organizational behaviors that facilitate the implementation of a successful performance management system that informs the organizational strategy and helps improve the general performance of the organization.

Thus, the policy effort, along central government guidelines, could be better implemented at the organizational/subnational level, where it is easier to induce cultural change that is sensitive to context (Sanabria, 2015; Sanabria et al., 2015). Our results confirm that legitimacy perception is a key input to the complete organizational and governmental performance, even in developing civil services. Because of that, the construction of legitimacy must be based on a cultural process that must be mainly support for effective communication processes (Suchman, 1995), the quality of the relationship the employees have with their supervisors (Kim & Holzer, 2016) and continuous socialization strategies that ensure transparency and goal alignment. Actions can be also oriented to create safe spaces where the employees can participate in the bottom-up design and development of the performance management process and its implementation (Johnsen, 2005). These cultural oriented changes could increase the performance assessment legitimacy among public officials, improving the current situation by changing the crucial aspects in the mentioned determinants.

As we mentioned earlier, any evaluation system should be perceived as legitimate in order to be truly effective. Under this premise, efforts can be oriented to improve the perception of employees about the key variables but also to portray more transparency to other organizational processes, not only the performance management system. In this sense, HR policies in the public sector should benefit from a bottom-up approach that allows them to account for the diverse levels of institutional capacity at the subnational level, as is common in several developing (and even developed) countries. Legitimacy is crucial for government activities in and of itself. Performance assessments require a strong basis of trust and reliability to fully achieve its managerial potential and to actually inform and induce better government performance.

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# PERFORMANCE MANAGEMENT IN PROTECTED AREAS: LOCALIZING GOVERNANCE OF THE CURONIAN SPIT NATIONAL PARK, LITHUANIA

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## **Abstract**

Bottom-up performance management, which is common in the countries with an old democracy, seems to be a challenge in Lithuania (a country with a young democracy) due to its strictly hierarchical governing and planning system. The situation of a national park on the Curonian Spit, which is also a UNESCO protected area, is most complicated in regards to performance management and governance. Problems related to developing (from one side) and protection (from the other) led to discussions among the state and local politicians, administrators and stakeholders on the possibility of steering the area with a special law. The approach of comparative analysis of similar territories worldwide revealed that the unique context of each protected area requires individual solutions, but not the application of special laws. However, managing the performance of the Curonian Spit seems to be a challenge for local actors. The approach of qualitative interviews was used with local officials and experts in order to reveal the main aspects and expectations/critics of performance management and governance. Findings provided that the success of performance management in protected areas of countries of young democracy largely depends on the network flattening and real involvement of locals and indigenous people in public governance.

**Keywords:** Performance management; performance measurement; protected areas; national park; governance; local community; indigenous people; UNESCO.

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## Introduction

Performance management is defined as transforming information from performance measurement, analysis, evaluation and benchmarking into knowledge and applying that knowledge for organizational improvement and learning. According to Lin and Lee (2011): *No measurement – no performance, no performance – no management*. Apparently, performance management is inseparable from performance measurement, which requires effective evaluation. Through performance management, governments gain knowledge of what is effective for society, why it is effective or not, and what are the outputs of interventions. In fact, performance management helps to make better decisions and, at the same time, contributes to the consolidation of organizational processes through the specific approach of performance measurement, which promotes stakeholder's engagement, guarantees transparency and supports the well-being of society. Conversely, performance measurement, due to certain conditions and to a certain extent, is less applied for its good governance mission than for cynical political purposes or not at all.

Performance management research and studies can be divided into four categories: (i) research papers that address the definitions and functions of performance management<sup>1</sup>; (ii) research papers on performance management models<sup>2</sup>; (iii) research that analyses the use of performance management in decision-making<sup>3</sup>; (iv) research on the institutionalization of performance management in new democracies<sup>4</sup>. Our study corresponds to the last category.

In the new democracies, research on performance management, measurement and utilization is only in its infancy. There is not much scientific work explaining the patterns common to these countries (Jong, 2015). These were not scientists but the officials of the supreme audit institutions of these countries who started to remedy the situation (Nõmm, Randma-Liiv, 2012). Existing research is mostly limited to one country, but there are also more extensive studies covering a few new democracies from EU countries (Verheijen, Dobrolyubova, 2007; Dvorak, 2010; Bouckaert, Nakrošis, Nemec, 2011; Kaselis, 2013; Veselý, 2013; Sorin, 2015; Rauleckas, Nakrošis, et al. 2016).

Protected areas play a significant role in sustainable development both globally and locally. Different sources (Watson, Allan, et.al. 2018; World Bank, 2019) calculate that up to 15 percent of the Globe is nature reserves. Many issues and challenges occur in the administration of such areas as they may be managed by several governing bodies (ministries and administrative jurisdictions) at any one time. Thus, Gerrish (2016) argues the importance of studying performance management from a cross pollinated perspective. The politicians and administrators

<sup>1</sup> Boland, Fowler, (2000), Bouckaert, Halligan, (2007), Fryer, Antony, et al. (2009), Van Dooren, et al. (2010), Micheli, Mari, (2014), Cepiku, (2017).

<sup>2</sup> Boland, Fowler, (2000), Verbeeten, (2008), Fryer, Antony, et al. (2009), Goh, (2012), Koontz, Thomas, (2012), Kattel, Cepilovs, et al. (2013), Spano, (2009), De Waal, (2010), Lewandowski, (2018), Mendes, Santos, et al. (2012), Lundberg, et al. (2009), Mwita, (2000).

<sup>3</sup> Poister, Pasha, et al. (2013), Sun, Van Ryzin, (2014), Campbell, (2015). Gerrish, (2016), Kalgin, (2016), Cepiku, Hinna, et al. (2017), Lee, McGuire, et al. (2018), Pasha, (2018).

<sup>4</sup> Gudelis (2009), Lockwood (2010), Jong (2015), Verheijen, Dobrolyubova (2007), Dvorak (2010), Bouckaert, Nakrošis, Nemec (2011), Kaselis (2013), Veselý (2013), Sorin (2015), Rauleckas, Nakrošis, et al. (2016), Yaku-sheva (2017).

represent different interests while managing the territory and have different goals to achieve but Jong (2015) suggests not to concentrate only on the role of policy.

Protected areas in many cases are in close cohesion with municipalities and require specific performance management leading both to sustainability from one side and regional development from the other. Administrations of protected areas are more targeted towards the protection of nature and ecosystems (globally) while municipalities are responsible for the social and economic development of a particular community (locally). Countries and regions try to find solutions in order to find a balance between these contrary requirements of the modern world. The approach of benchmarking as an effective way for learning from good performance practices was discussed by Gerish (2016). But attempts at benchmarking seem to be a challenge while measuring the performances of different areas (Gunasekaran, 2005). Every protected area differs in institutional set, networks, culture, traditions, communities, etc. Therefore, according to Zope et al. (2019), policies cannot be directly compared across different contexts.

Schleicher, et al. (2018), emphasize the informal aspects of performance management, stating that they are of greater importance than the formal ones. Jong (2015) and Lockwood (2010) argue that a bottom-up implementation of performance management with a high degree of decentralization is more successful. But independent Lithuania, like other post-socialist countries, inherited a strictly hierarchical governing and planning system that followed rigid and standardized procedures of administration for protected areas, partly based on research and monitoring from the scientific community involved. Different protected areas were established without any common policy framework and have to serve the different objectives. Some of these were directed to the protection of the wild nature, others became the centres of tourism. Application of the standardized top-down administrative models in protected areas of developing countries may be problematic for achieving these objectives due to possible conflicts with the local communities and deficits of capacity (Lockwood, 2010).

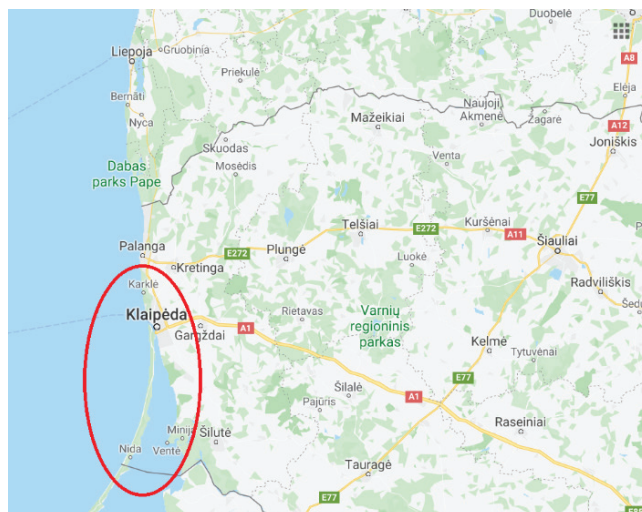
The system of management in Lithuania's protected territories is very complicated and difficult to be perceived for everyone involved (Juknevičiūtė and Mierauskas, 2012). According to the authors, some issues should be solved before achieving the effectiveness of the management of such territories: i) finding the balance between requirements of stakeholders and nature protection; ii) educating locals to live in cohesion with nature; iii) appropriate financing. Upon accession to the EU, various aspects of performance management (monitoring rules and requirements) were approved by ministerial orders or other legal acts in various areas of public policy in Lithuania (Bučas and Mlinkauskienė, 2011; Gudelis, 2009). The sectoral ministries started to collect a lot of performance information, but the data quality was of a medium level. Municipalities have been involved in the process of collecting and reporting monitoring data, and the burden of data collection has been placed on already overloaded lower-level officials who rarely receive any feedback on how data is being used and whether it is being used at all. This affects the quality of the data, as lower-level civil servants have no desire to engage in routine work, which may be of no use. However, theory teaches: *that to maintain the value of protected areas, managers need to monitor the effectiveness of their management actions so that they can identify problems and focus their resources and efforts on addressing these problems* (Hockings, 2003).

Protected areas cover almost 17 percent of Lithuania. The country deals with challenges while organizing the existence on the territories of five national and thirty regional parks. Lithuania has chosen its own way for development of the system of protected areas. Moreover, the authorities at all levels try to find a specific management solution for these territories. However, this is not based on the principles of New Public Governance (Mierauskas, Smalskys, 2013). Independent Lithuania, like other post-socialist countries, inherited a strictly hierarchical governing and planning system that followed rigid and standardized procedures of administration for protected areas, partly based on research and monitoring from the scientific community involved (Yakusheva, 2017).

The most complicated performance management reality has emerged at *a national park of the Curonian Spit*. This area, unlike the other four national parks in Lithuania, is under the management of two municipalities (Neringa and Klaipeda) and the administration of a national park. The Curonian Spit is inscribed onto the UNESCO world heritage list (together with its Russian part in Kaliningrad oblast). Neringa municipality (which is also a famous Lithuanian and international seaside resort) covers only two percent of the Lithuanian territory of the national park with about 2,500 permanent inhabitants living in four remote settlements. The only Lithuanian sea port, Klaipeda, takes responsibility for Smiltynė suburb, which is a very tiny area at the very end of the spit, separated from the main city by the Curonian lagoon (see Fig.1).

Both municipalities are managed by local council boards while the national park is managed by the administration of the national park. The forests in the area are managed by a division of the State Forest Enterprise. The territory deals with problems of conflict of interest between different authorities and other stakeholders, with the absence of real collaborative management and confrontation of the legislation while trying to find solutions both on the development and protection of the territory. The law helping to facilitate the management of the territory had been discussed recently on an international forum in Neringa.

**Figure 1: Lithuanian part of the Curonian Spit from Klaipeda to Nida**



Source: <https://www.google.lt/maps/@55.2538256,21.0325986,7.23z>

This research seeks to contribute to the debate concerning the reality of the performance management of the national park. The methodology of the current research was based on qualitative interviews with officials from both municipalities and park administration as well as with local stakeholders. Interviews revealed the challenges of joined-up governance of the territory and provided assumptions of experts on the effectiveness of possible legislation and predictions for improving the performance management of this valuable protected area.

## Theoretical framework of performance management

Performance management has become a tool for governments of contemporary public systems for generating better outcomes for society (Choia & Moynihanb, 2019; Liu, Wu, Li, Jong & Sun, 2017). Collaborative performance management based on interagency and intra-agency interactions should be fostered for achieving common goals while sharing the knowledge, skills and all necessary resources (Choia & Moynihanb, 2019). All stakeholders, locals and indigenous people have to be well informed about and engaged into the development processes (Lockwood, 2010).

The analysis of the current literature (Verbeeten, 2008; Van Dooren et al., 2010) allows for identifying the following purposes of performance management: (i) organizational or policy improvement; (ii) control; (iii) steering; (iv) communication.

*Organizational or policy improvement.* Strategic planning and the budgeting process are described as long-term and short-term planning, and monitoring can be described as a short-term evaluation. Performance indicators and policy objectives are widely used in policy documents and budgets to ensure the organizational and policy improvement function, to indicate what activities are expected, what the actions are being performed for and what their costs will be. This purpose requires effective cooperation, coordination and consultation as managers want to improve planning and priority setting (Hockings, 2003).

*Control.* In order to fulfil the control function, it is necessary to measure the program output, outcomes and impact. Performance management helps to determine whether there is a prerequisite for duplication of programs or whether the program is consistent with other public programs, strategies and conceptions, and to enhance legitimacy and transparency (Nõmm, Randma-Liiv, 2012). These efforts are crucial to the political process, as administrators often do not disrupt programs that have achieved their goals. Fearful of losing financial resources, with loyal and obedient staff they formulate new goals to legitimize the existence of an organization or program. Although performance management should lead to reverse actions, i. e. relocation of resources or revision of contracts with contractors.

*Steering.* Performance management is the cause of a change in policy decision-making, management, procedures or implementation strategies (Van der Meer, 1999; Murray, 2002). Such performance movement shall be carried out during the preparation or implementation of the program (Stufflebeam, Shinkfield, 2007). It is important to note that performance measurement offers assistance to those responsible for program quality, improvement and/or attention



to changes in citizens/clients' needs. In other words, performance management can be used to legitimize or "sell" policies, produce desired outcomes and make minor policy adjustments.

*Communication.* Communication is an important aspect for building a better understanding of performance results between stakeholders, forcing positive change of behavior, earning trust and minimizing negative effects (Fryer, et al., 2009). It is imperative for public sector organizations to use the results of performance measurement in communication with different stakeholder groups. According to Hockings (2003), in the case of a protected area, information can increase the potential of the current study area, particularly that which provides feedback on the strengths and weaknesses of the management. The information received acts on people's knowledge, arguments and advice, and appeals to morality. Properly measured results of the government programs require that intended recipients be provided with quality information on the output of the program (Vedung, 2007; Weiss, 2019). Obviously, communication is not limited only to the transmission of messages, but also covers protection, educational projects, services to members of organizations and also partnership initiatives (Dvorak, Civinskas, 2019).

## Materials and Methods

The motivation for the current research came about after a wide discussion by stakeholders concerning the preparation of a special law for the Lithuanian part of the UNESCO heritage site – the Curonian Spit National Park. The international conference "*Curonian Spit (CS) for us and for the world*" was held in Nida (the administrative centre of Neringa municipality) last June (2019) under the patronage of the Committee on Culture of the Seimas (Parliament) of the Republic of Lithuania and the organization of the Commission of State Cultural Heritage (National Commission for Cultural Heritage, 2019). Most initiatives have been coming from the state authorities for the protection of the environment and cultural heritage while local stakeholders are not much interested in the issue.

Conferences are not something new in looking for individual ways for the governance of protected areas (Lockwood, 2010; Borrini-Feyerabend, et al. 2012). However, in a classic model of a protected area, its governance was not the case. Such a model is based on the government who makes decisions concerning protected areas (Eagles, Romagosa, Buteau-Duitschaeffer et. al., 2013). According to Lockwood (2010), Eagles, Romagosa, Buteau-Duitschaeffer et. al. (2013), indigenous people and park visitors play a key role in the process. But in the case of the Curonian Spit National Park, only a few local stakeholders were interested and attended the conference. As the result, a resolution brought by the Commission of State Cultural Heritage, the administration of the national park of CS and Neringa municipality was addressed to the Lithuanian Seimas with the request to draft a specific law for the entire territory. *Cohesion of different interests related to the territory protection, international tourism development and goals of locals as well as division of competences* were named as the significant challenges since all



responsible institutions act on different laws. The resolution emphasised the existence of similar laws for the protection of UNESCO territories around the Globe, but not one single sample was provided during that conference. The aim to present samples of best practice as possible sites for benchmarking was a failure during the conference as well.

According to Jong (2015), performance management does not depend heavily on a policy field. It is important to understand performance management in different and perhaps cross pollinated contexts (Gerrish, 2016). Bottom-up implementation of performance management is more successful with a high degree of professionalism and decentralization (Jong, 2015; Lockwood, 2010). We argue that the incentive in our case has come “top-down”, which cannot be perceived as a contemporary democratic approach leading to good governance. Lockwood (2010) states that attempts to apply a top-down model may be problematic in protected areas of developing countries. It is difficult to achieve objectives due to possible conflicts with the local communities and deficits of capacity. Schleicher, et al. (2018) argue that the informal aspects of performance management are of greater importance than the formal ones. But according to Jong (2015), there is a lack of studies making surveys across policy fields.

Benchmarking is also little researched in the case of protected areas. Gunasekaran (2005), Gerrish (2016), Erdil and Erbiyik (2019) argue that the method is appropriate for the measurement and evaluation of best practices at the organizational level. Gerrish (ibid) provides evidence that benchmarking is an effective approach for learning from good performance practises and is a useful element for the setting of performance management from one entity to the other. However, Gunasekaran (2005) sees the difficulties that occur while measuring performances of different areas. Indeed, we argue the policies cannot be directly compared across different contexts (Zope, et al., 2019).

We thus agree that benchmarking is an effective approach but only for identical entities. Apparently, every UNESCO site is a unique and a very complex construct that includes many different aspects. The uniqueness of each UNESCO territory impedes applying specific performance management. Lockwood (2010) emphasises the ability of various combinations of actors that generate diversity of governance as well as different opportunities. Therefore, according to the author, performance management should be suited to the particularities of local conditions and is some kind of experimentation. The benchmarking approach would hardly be useful while arranging a specific regulation in a particular place.

All of the preconditions stated above appeal to possible difficulties in the performance management of the Lithuanian part of the Curonian Spit National Park. This urged us to learn the attitudes of different stakeholders (municipal authorities, representatives of the administration of a national park and representatives of NGOs) in order to reveal the reality of performance management on the Curonian Spit.

Therefore, our research question can be formulated as follows: what difficulties does the performance management of the Curonian Spit deal with and how can the process be improved?

## Methodology

The approach of comparative analysis helped to reveal the differences in sampled UNESCO sites and to argue that benchmarking from one site to the other is of minimal use. The UNESCO sites of representatives of the conference in Nida (Neringa, LT) were used as sample sites for the analysis. Comparative analysis was based on criteria such as: boundaries of the area, UNESCO criteria, relation to the tourism, problems, management requirements based on regulations, and authorities for protected area management. Criteria were formulated from the subjective point of view of the authors while analysing individual information from every site.

The approach of a qualitative interview with different stakeholders from Klaipeda and Neringa municipalities, and the administration of a national park of the Curonian Spit was held in order to reveal the attitudes of the public decision makers and administrators considering the topic. The “bottom” side was represented by locals from business and social fields. The small number of locals in some cases influence both their occupation and competence in several fields: i.e. the same person may be treated as an indigenous local, a businessman or even a politician; a former civil servant at the administration of the municipality is a current employee at the administration of a national park; a representative of an administration of a national park is a council board member as well as a former vice mayor. These interrelated competences prove the informants to be high-level experts for the interviews. Initial respondents were chosen subjectively relying on personal acquaintances of the authors as there are very few local inhabitants living permanently in Neringa (up to 3000) and Smiltynė (about 40). Other respondents were identified using the ‘snowball’ method in which the initial contacts from Neringa and Klaipeda suggested additional respondents who in turn suggested others. In total, seven respondents (six from Neringa and one from Klaipeda), who permanently live on the Curonian Spit contributed to the process. Additionally, one expert from the administration of Klaipeda city municipality was interviewed. The advice of that expert led us to reject the idea of interviewing politicians from the Klaipeda council board. We were informed that they are not engaged in the problems of the Curonian Spit.

The interview survey was designed and administered by the authors following Lockwood’s (2010) proposal to use a suitable qualitative methodology. The structure of the interview was adapted from Lockwood’s framework of good governance for protected areas (see Lockwood, 2010). Lockwood defined seven principles for good governance of a protected area: *legitimacy, transparency, accountability, inclusiveness, fairness, connectivity and resilience*. According to the author, in following these principles in coherence with ethics and rationality, one may reach management effectiveness.

The choice of Lockwood’s framework was based on the following criteria: (i) the framework was created in the context of public sector performance management; (ii) the framework integrates the principles of the sustainable governance of protected areas; (iii) the validity of it was tested by using a Delphi survey (Shields, Moore & Eagles, 2016).

Lockwood (2010, p. 759), in his work, pointed out that reporting (as an essential element of transparency) may serve as a basis for accountability. This statement refers to some correlation between two principles: *transparency* and *account-*

ability. The author also mentioned logical relations between the principles of *inclusiveness* and *coordination* (as requirements for connectivity) when describing the inclusion of local, regional, national and international interests for a “system wide design” (Lockwood, 2010, p. 760).

Considering the author’s notes above, we joined some of these seven principles and made the main interview section by grouping questions into five categories: i) legitimacy; ii) inclusiveness and connectivity; iii) transparency and accountability; iv) fairness; and v) resilience. The semi structured interview questionnaire totalling 18 questions was made with two introductory (the structure of the document and sub statutory acts) and two finalization questions (the need of adaptive strategy and who would lead preparation and coordination of that strategy; possibility of reaching a joint development conception with the Russian part of the CS). All of the questions for the main interview part were adopted from Lockwood’s statements relating to each principle (see Table 1). The interviews were conducted in Lithuanian and the results were interpreted into English.

Table 1

### Summary of issues raised in the interview survey by issue and theme

Thematic Group	Themes focused
Introductory questions	1. Structure of the law 2. Sub statutory legal acts
Legitimacy	3. Institutional background 4. Governance modelling 5. Local communities in the governance model 6. Functional integration
Inclusiveness and Connectivity	7. Horizontal and vertical networking 8. Coordination of the network 9. Trade off and balancing among all stakeholders 10. Development and protection
Transparency and Accountability	11. Transparency (communication about the making decision process since beginning till the end) 12. Accountability (downwards; answerability; constituents rights to express approval/ disapproval)
Fairness	13. Recognition of human, civil and indigenous rights 14. Respect to the wider interests of national and international bodies
Resilience	15. Control, autonomy and flexibility 16. Balancing between development and security for sustainability through: – HR education and innovation – sharing finances – sharing infrastructure – implementation of common projects – compensation for imposition of costs – protection of all ecosystems
Finalization	17. Demand for adaptation strategy; coordination of its implementation 18. Trends for partnership in common development with administration of a <i>Kurshskaja Kosa</i> National Park (KKNP), Russian Federation

## Findings

Different stakeholders gain useful knowledge by participating in international projects, conferences, etc. The conference speakers in Nida represented five UNESCO heritage sites (see Table 2). All of these territories are situated in national parks. The participants – with the exception of those from *Kurshskaja Kosa* National Park in the Russian Federation – and hosts represented practices from the Western Europe context.

Table 2

### UNESCO heritage sites

UNESCO territory	Definition
English Lake District ( <i>ELD</i> )	Mountainous area in northwest England. Modelled by glaciers in the Ice Age and shaped by an agropastoral land use system (fields enclosed by walls). Combined work of nature and human activity has produced a harmonious landscape.
Portovenere, Cinque Terre as well as Palmaria, Tino and Tinetto islands ( <i>CT</i> )	An example of a “cultural, evolved organic landscape”. The eastern Ligurian coast (15 km) between Cinque Terre and Portovenere is a cultural landscape of great scenic and cultural value. The layout and disposition of the small towns and the shaping of the surrounding landscape, overcoming the disadvantages of a steep, uneven terrain. The islands are noteworthy for the natural beauty and for the remains of early monastic establishments.
Serra de Tramuntana ( <i>ST</i> )	The cultural landscape of Serra de Tramuntana located on a sheer-sided mountain range parallel to the north-western coast of the island of Mallorca. ST constitutes a significant example of Mediterranean agricultural landscape which, after centuries of transformations of the steep terrain morphology, has been made productive and well-adapted to human settlement.
Wadden Sea (Denmark, the Netherlands and Germany) ( <i>WS</i> )	The site covers the Dutch Wadden Sea Conservation Area, the German Wadden Sea National Parks of Lower Saxony and Schleswig-Holstein, and most of the Danish Wadden Sea maritime conservation area. A National Park.
Curonian Spit ( <i>CS</i> )	Sand dune peninsula, 98 km long and from 0.4 to 4 km wide. The CS is situated in the CS National Park in Lithuania and the Kurshskaja Kosa National Park of the Russian Federation

The conference speakers emphasised the main issues and shared valuable information concerning the protected areas they represented. Systematic analysis of these speeches as well as the data on UNESCO web sites highlighted the differences existing in every single case and helped to systemize the challenges of the respective sites while managing the performance of these territories (see Table 3). Protected areas may cover the territory within a single country or unite several of them. All respective areas also face issues related to tourism.

Table 3

**Aspects of managing protected territories**

Boun-daries	Site, criteria	Challenges	Tourism
Within one country	ELD (ii), (v)	Prevention of impact of climate change; economic pressure on traditional agro-farming	To decrease pressure from tourism
	CT (ii), (iv), (v)	Protection of the property and landscape (authenticity of the settlements) from changes and damages made by floods and restoration as well as from the impact of the modern socio-economic development. Supporting farmers to add value to their traditional methods and materials in order to sustain livelihoods and the landscape	To employ mechanisms for linking tourism activity and landscape maintenance activation and programs for the reclamation of the terraced landscape to allow recovery of some tens of hectares to vines and olive cultivation
	ST (ii), (iv), (v)	Protection from development pressures <i>of increasing tourism</i> . Better monitoring of property in the highly populated buffer zone	To protect from the progressive increase of tourism that leads to a decline in traditional dynamic processes
Several countries	WS (viii), (ix), (x)	Protection of natural ecosystems	To develop sustainable tourism as tourism creates the majority of employment
	CS (v)	Regulation of the number of visitors to the property; regulation of new developments and other economic activities in order to avoid any irreversible changes. Maintenance of fishermen's houses. Coordination of actions between the states in order to protect the Outstanding Universal Value of the property. Preparation of an integrated Management Plan with the Tourism management Plan included	To regulate the number of visitors (tourists) to the property and new developments related to tourism. To prepare an integrated Tourism Management Plan for the entire territory

The respective sites unanimously strive to prevent negative impacts of tourism and modern socio-economic development while managing their territories. An individual set of UNESCO criteria also commits every site to determine different legislation and unique management strategies for the performance of management accordingly. The variety of site authorities responsible for corresponding rules and laws in each of these sites is numerous (with variation from 2 in ELD to 5 in CS). Different combinations of actors generate diversity of governance as well as different opportunities (Lockwood, 2010). Also, such a variation both in authorities and legislation on a single territory makes performance management complicated and no less challenging.

In agreement with Zope et al. (2019), the same policies cannot be directly applied from one context to the other. The uniqueness of the site, different UNESCO criteria, and diversity in authorities and regulations are some of the obstacles

for any benchmarking while drawing up specific legislation for the management of a particular protected territory. In our case, none of the interviewed experts has seen or read any similar law in practice. Two of them mentioned that Riga old town has a specific regulation but their law, therefore, cannot be benchmarked as Riga fulfills a different set of UNESCO criteria (i and ii) and, thus, has different requirements for protection and development.

The interview outcomes reflect the expressed ideas and thoughts of experts concerning performance management of the Curonian Spit. During some of the interviews some uncertainty and wariness was felt while expressing personal opinions, especially by those employed in a public sector.

The respondents of qualitative interviews agreed that a new regulation in a form of a sub statutory document would be a good supplement, if only it could clarify and divide overlapping responsibilities and competencies of institutions acting on the site. Lack of appropriate attitude from the state government, lack of finances, and lack of understanding of the value and importance of this area at the national level were mentioned as the most serious issues. These issues are similar to those expressed by Juknevičiūtė and Mierauskas (2012). Actually, respondents scarcely believe that any law would help to change the everyday situation and lead to the better management of the site, or help to solve the issues of locals and their social problems.

Therefore, all of the interviewees agree that a common strategy for the development of the territory would be very beneficial. Requirements for the preparation of such a strategy should be set in the new regulation. The common development strategy might solve serious issues based on the lack of approaches for assessing the qualitative implementation of performance on the national park of Curonian Spit. A quick scan of the performance report for 2019 provides some evidence that the national park administration has difficulties with qualitative indicators of performance. For instance, 14 training programmes were organized for 25 employees of the organization; cooperation with a number of institutions, NGOs and other partners have also been reported (Directorate of Kursiu Nerija National Park, 2020). Indeed, the report is based only on quantitative results. This confirms what was reported by the National Audit Office of Lithuania (2019): <...> *“the indicators are formed as a list of everything that can be counted”* <...> *“counting meetings, events, participants, employees participating in training, but we do not measure performance”* <...>.

Responsibility for the development of the strategy would lie with the newly established Board of competent experts that represent all stakeholders living and performing on the Curonian Spit. The idea of new consultative bodies is not new. This was proposed by Yakusheva (2017) in the cases of Poland and Slovakia. According to her research, such consultative bodies will serve as *“transparent platforms and contribute to the establishing trust in park administrations”* (Yakusheva, 2017). However, the effectiveness of the board would depend on delegated competencies.

Actually, the best outcome could be achieved in cooperation with the Russian part of the Spit. But despite the requirement to prepare a common UNESCO site management plan, still nothing happens as no cooperation with institutions from



the neighbouring side of the Spit is possible at the moment. The main problems to consider are: i) issues of an outer EU border; ii) different policies for development; iii) different attitudes to and protection of the traditions of the indigenous people; iv) different territorial structures of national parks (inclusion/exclusion of settlements); v) differences in legislation.

Responses to the main part were systemised and analysed following each category of the questionnaire in order to receive a clear picture not only of the difficulties or restrictions for the good performance management of the Curonian Spit, but also to reveal possibilities for its improvement (see Table 4).

Table 4

### Difficulties and possibilities for good governance in the Curonian Spit (Lithuania)

Principles	Difficulties	Possibilities
Legitimacy	Very complicated structure with overlapping competences	Revision (audit) of institutional competences as a must Establishment of a new body – <i>Board of stakeholders</i> – responsible for development issues Providing more power to municipal authorities
	Scepticism on higher engagement of locals (treating them as immature) into process management	Clear definition of a “real local inhabitant” Education of community members and preparing them for engagement into the governance Local decision makers learning how to integrate locals and discuss before making any decisions
	No functional integration of institutions on the site	Revision of existing network; requirement for the networking should be set in a law Engagement of locals after education Professional moderation of integral functioning Education of all involved to work integrally
Inclusiveness and Connectivity	No engagement of communities into the network	Improvement of the network involving all stakeholders at all levels
	Vertically: remote governments not willing to cooperate Horizontally: cooperation based on the goodwill of the leaders	Developing close cooperation vertically and horizontally for bridging the gap Appointment of real (professional) leaders to manage respective institutions
	Absence of real coordination	Coordinating by: i) competent representatives from Neringa or Klaipeda municipalities; ii) independent Board of stakeholders with the leadership of the Ministry of Justice; iii) national secretariat of UNESCO
	More restrictions and regulation of nature protection than support for locals in their style of life	Balancing of severe attitudes as well as trade-offs should be set as regulations Discussions of all stakeholders in order to reach common agreements concerning the development and protection of ecosystems Announcements by leaders of the reasons to protect the site and what benefit locals receive from that site

Principles	Difficulties	Possibilities
Transparency/ Accountability	Wrong understanding of transparency and accountability	Setting principles of transparency and accountability as regulations Steps to do: i) learn how to implement transparency and accountability; ii) develop effective communication channels able to regulate huge information flows and iii) collect and process information
Fairness	Interpretations of human, civil and indigenous rights; signs of archaic development	Setting formulations of human and indigenous rights in a regulatory document, despite having inscriptions in a LR Constitution Educating society that we have not only rights but duties as well
Resilience	No balance between strict control and flexibility	Setting a strict control on the principal agreements concerning the development and protection of the site (framework). Setting slight flexibility and autonomy within that framework following common sense and human logic Acquiring the maturity to employ wide flexibility
	Lack of detailed sustainability requirements for the site	Setting requirements for sustainability in a regulatory document Strengthening partnership through implementing common projects Higher engagement of Smiltynė community into the site management process Increasing the role of Klaipėda municipality and Klaipėda Regional Board
	Weak understanding of sustainability	Fostering innovations and sharing knowledge for experimenting novelties for protection and development of the site. Learning how to share knowledge, finances and infrastructure in order to increase synergy and economies of scale on the site Partial compensation of expenses for locals helping them to continue living a traditional style of life Informing the purpose of such compensation – protection of traditional property as well as traditions and other ecosystems on the site

The experts named many difficulties in good performance management. Problems of good governance were listed in every category with the minority in *Transparency and Accountability as well as in Fairness*. Most issues related to: i) the management and coordination of the institutions on the site in terms of networking, ii) revision of rights of locals and their engagement into performance management, iii) integration of aspects of sustainability, and iv) improving information channels. But respondents of qualitative interviews provided various useful proposals for improvement as well. Many of them should be set as regulations in legislation: requirements for sustainability; framework of general control; slight flexibility as well as autonomy within the frame of restrictions; and clear definitions of human and indigenous rights.

Education, learning and knowledge sharing were possibilities expressed most and repeatedly mentioned in four of the five categories (with the exception of *Inclusiveness and Connectivity*). The interviewees suggested different audiences and topics for education: i) society – before their engagement into the network cooperation; ii) decision makers – how to integrate locals and discuss with them; iii) all involved – how to work integrally, how to share knowledge, finances and infrastructure, and how to foster innovations.

Networking was the second most important aspect named by experts. Proposals to revise existing networks as well as institutional competencies before improvement were expressed. The outcome of re-networking should lead to the balancing of different attitudes and inclusion of all stakeholders vertically and horizontally. Professional coordination of the network by real leaders (competent representatives from various stakeholder groups) is important for developing close cooperation and bridging the gap. Other proposals related to improving network cooperation were as follows: i) establishment of a Board of stakeholders; ii) providing more power for municipal authorities with increased engagement of Klaipeda municipality (and Smiltynė in particular) and active participation of Klaipeda Regional Board. However, the statutory increase in the powers of municipalities is not enough. Local self-government can only function effectively while having sufficient funds for performing functions at its disposal (Burbulytė-Tsiskarishvili, Dvorak, et. al., 2018).

The last but not least aspect for good performance management on the site is a particular attitude to the locals. First of all, a clear definition of a status of “local” is necessary. Also, development of communication channels for managing complex information and announcements to the community is necessary. Locals should receive understandable information concerning requirements for sustainable development as well as the clearly expressed responsibilities they have regarding environmental protection. Changes are made in the sentence with insertion of “their” and deletion of the ending of the sentence. A very clear explanation of what benefit they receive while living in the national park should be articulated too.

## Conclusions and limitations

According to Lockwood (2010), possible conflicts with locals and deficits of capacity may be treated as obstacles for good governance and performance management in protected areas of developing countries in particular. Kim & Hong (2013) emphasized three dimensions: political, legal and social – as important for successful performance management. Performance management should not be influenced by political or leadership change. Systemic continuity should be set on a legal basis. Citizens’ awareness and satisfaction helps in building public trust. In our case, we see that the experts would be willing to exclude real engagement by locals and indigenous people from decision making and governance, thus treating them too immaturely. Therefore, a lack of knowledge of modern governing systems and performance based only on the goodwill of the leaders generates possible conflicts in the performance management of the Curonian Spit National Park.

Western European countries have long-lasting experience in the performance management of protected territories and have developed tough cooperation among

various stakeholders. Countries of new democracies need to find their personal ways for performance management as benchmarking is not an appropriate approach due to various reasons: i) every site is unique and influenced by many different aspects; ii) cooperation for united performance management between countries or municipalities is hard to be employed due to specific policy or lack of political attitude. The case of the site of Curonian Spit may prove such statements with the example of the Neringa municipality that has both economic peculiarity (Bučaitė-Vilkė, Civinskas et. al, 2019) and overall exceptionality (Pociūtė, 2012).

In the theoretical part of this study we argue four purposes of performance management: (i) organizational or policy improvement; (ii) control; (iii) steering; (iv) communication. The outcome of the survey revealed that all of these should be kept in mind in the case of the Curonian Spit. Re-arrangement of the institutional network should follow higher inclusiveness, communication and change in inter-country policy. The expressed problems in controlling and steering should be solved.

First of all, the necessity of a common strategy unifying all (sometimes overlapping) aims was proposed. The purpose of controlling and steering should appeal to the needs of citizens and directly to adjustment of the policies so that they become easy “to sell”, to indigenous locals in particular as they play a key role in the process (Lockwood, 2010). In our case, the control should be set as regulation with slight flexibility and autonomy allowed within the frame of restrictions (until the maturity of locals).

Kim & Hong (2013) argue the role of leadership (in terms of official leader) for effectiveness of performance management. Professional and very competent leaders having not only “goodwill” but also a clear understanding of performance management should steer (or manage) both the strategy and the network as one complex system.

Flattening the network and reaching good performance management largely depends on informal factors (Schleicher, et al., 2018). In agreement with Lockwood (2010), the difficulties to achieve objectives in top-down models occur due to possible conflicts with the local communities. Therefore communication and information in the form of advice may force a positive change of behaviour and appeal to the morality of stakeholders acting on the site. The education of all concerned, learning and knowledge sharing, play an important role in the development of every modern society and should be treated as a valuable approach for setting and improving performance management in such complex territories as we have in the Curonian Spit.

The methodology of interview from this work may be used for similar works with some adaptation in consideration of the specifications of the protected area. Several questions in some cases may be removed from the questionnaire or unified into a single position. We agree with Jong (2015) and Gerrish (2016) that not many surveys are done across policy fields. In addition, the argument of Zope, et al. (2019) that policies cannot be directly compared across different contexts, needs further research. In our case, only the sites of attendants of the conference in Nida were compared in order to prove the uniqueness of each of them. More areas could be compared in order to better prove our findings. This is one of the limitations of our work. The small number of experts interviewed from limited representation areas is the second limitation. Interviewees from Klaipeda municipality and state institutions would reveal a more complex spectrum of the topic, but this might exceed the aims of this article.

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# ART AT EXECUTIVE AGENCY: MEASURING THE PERFORMANCE OF KOREA'S NATIONAL MUSEUM OF MODERN AND CONTEMPORARY ART<sup>1</sup>

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## Abstract

Founded in 1969, the National Museum of Modern and Contemporary Art, Korea (MMCA) was transformed into an executive agency in 2006 and became the subject of performance management. The purpose of this study is to understand the historical and contextual background of performance management reform in South Korea and its application to MMCA, and also to analyze the mechanism of performance evaluation and its consequence on the management of a national art museum. For the analysis, MMCA's annual reports, performance evaluation records, public announcements and proposed schemes of previous directors, and other related news, articles and available information from 2007 to 2017 were collated, and the changes in performance evaluation measures (by index weight) were chronologically compared, reorganized and interpreted in regard to the internal situation of the museum and its directorship. The main finding was that overtime performance index weight in the evaluation result shows a growing emphasis on the directorship term related, urgent and more quantifiable performance goals, which are in support of the further reform of MMCA as a corporate entity. Also, the changes in evaluation composition signal a trend that the most prioritized task of each directorship term differed, and this ultimately caused less quantifiable performances, such as art collection and research related tasks, to weaken in emphasis as part of the performance. In conclusion, the performance management of MMCA from 2007 to 2017 had a beneficial side in promoting the result-based performance specifically and had functioned as a governing tool that effectively engaged and pressured certain urgent tasks to completion, but it also had a weakness in keeping the long term stability of directorship and provoking the continuous development of all parts of art related core competency.

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The consequence of performance management can be argued as limiting the understanding/evaluation of directorship competency to the achievements that are distinguished and identifiable, therefore the result is difficult to argue for its justification and sufficiency as a representable score of the art museum performance.

**Keywords:** Performance management; Executive Agency; National art museum in Korea (MMCA); Performance index weight analysis.

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*“The dilemma of the current time is that nonprofit arts organisations are encouraged to be independent, innovative and entrepreneurial, but at the same time accountabilities to stakeholders increase the requirement for compliance. This creates a paradox.”*

(Renschler, Ruth. (2014). *Arts Governance: People, Passion, Performance*. Routledge. 1 Edition. P. 69).

## Introduction

A museum is an institution that functions to serve the public which is constantly changing. With this basic objective, a museum plays a role in asserting history and constructing a collective identity. A national museum, in particular, creates the origins of the myths of a nation (Bouchard, 2014; Lévi-Strauss, 2001). The professionals within this institution, as public servants, choose timely significant materials and contents, and prepare them for public viewing and education. Therefore, the operation of national museums in most countries has been largely funded by government ministries or state-owned agencies. However, since the implication of New Public Management (NPM) which highlights the enterprise governance of bureaucracy, cultural facilities including national museums have become targeted towards growing more as self-governing units. Such systematic transformation has increased the responsibility of autonomous or semi-autonomous government agencies to report figures of performance and to increase competitiveness in earning money while serving the citizens as customers (Osborne & Gaebler, 1992; Savoie, 2006).

The executive agency system, which was initiated in the U.K. and spread to New Zealand, Canada, and Japan including other OECD countries, is an organizational management technique that provides more autonomy to national institutions and organizations while adapting the goal driven performance based evaluation mechanism. The main idea behind this system is that for the improvement of public service quality, the organizational structure has to be adjusted rather than the public officials themselves (Jenkins, Caines & Jackson, 1988). Since the late 1990s economic crisis in South Korea, agencification, alongside privatization, private consignment and decentralization as part of the NPM reform, was considered as a pathway to improving the efficiency, responsiveness and competitiveness

of its government. Hastily, a competitive and customer-driven administrative reform in the West was chosen as the model to benchmark.

In April 2000, executive agencies were established in South Korea as “legally separate bodies from the central ministries”, which signified the first step “towards a quasi-contractual governing arrangement” (Kim & Cho, 2014, p. 215). This agencification movement extended to national institutions in the cultural sector; the reform took place for the National Theater of Korea and National Museum of Science in 2000, National Museum of Modern and Contemporary Art in 2006, and Asia Culture Center in 2016. Among these government funded cultural enterprises, the National Museum of Modern and Contemporary Art, Korea (MMCA) has a distinguishing competency in art collecting, collection preserving, exhibition curating and promoting art related programs and activities. In most of the tasks that require a level of expertise from a specific field, the amount of budget directly enhances or hinders its performance. Therefore, ironically, the professional arts organization has to prove “the democratic requirements for politically distributed grants” (Gstraunthaler & Piber, 2012, p. 361) with performance results that signal popular appeal, in order to gain an increased or at least maintained level of government support and attention.

The socially beneficial performance of an art museum embodies the unquantifiable experience of visitors in “aesthetic dimensions” (Gstraunthaler & Piber, 2007, p. 365). Substantially, the core assets of an art museum include having a high-quality art collection and the ability to pursue timely research and curation that are inventive; it is often difficult to prove advancement in the enhancement of expertise of such assets. Moreover, a cultural organization which deals with human creativity shares the issue of measuring and managing the performance. Cohen and Pate argue that “creativity simply *cannot* be measured in a way which satisfies all involved” (Cohen & Pate, 2000, p.116), and the engagement of government in this sector tend to “misunderstand and misrepresent both the artistic impulse and the world in which artists operate” (Cohen & Pate 2000, p.104). Such limitations and concerns are evident, when generally applying the term “performance” to the arts and more controversially when trying to “manage” performance in an arts organization.

Nevertheless, in an attempt to examine performance management reforms outside of a Western context, this study attempts to disclose the case of a national arts organization in South Korea that had been through an administrative reform and has accumulated data and information for over a decade as the subject of performance management. Further, this study attempts to emphasize the inevitable struggle of an arts organization in current times, which entails having the obligation to engage actively with the public and increase marketability in order to better satisfy its customers’ needs, while at the same time having to strengthen its distinguishable core value as a professional organization. It will be argued that performance management can be used as a meaningful governing tool to partake in this sort of dilemma situation, especially in guiding the subject to present the performance results that are evident and achievable in a short-term or within the directorship term. As a chosen case from the cultural sector in South Korea, the MMCA will be analyzed in perspectives to draw out the historical context of performance management reform and its consequences. The focal point will be on its growth in branches and the directorship transitions since the agencification of MMCA in 2006.



## Theoretical Background and Research Context

### Concurrent Issues of Museum Management since the New Museology

A museum has long been considered as a distinct space that collects and preserves artistic and historical creations. In the 1960s, a museum was considered mainly as a building for a collection (Douglas, 1960). The reason for containing and preserving a collection was to provide the opportunity to study, research and enjoy. However, the public function of museums became a matter of criticism for being collections-centered and for their isolation and elitism (Hudson, 1977). The need for the enhanced publicity and accessibility of the traditional museums, which was the motivation behind the New Museology, has shifted the discourse of museums to their social and political role, educational function in spreading ideas, and building community-based relationships (Rounds, 2012; Mairesse & Desvallées, 2010; Hopper-Greenhill, 2000; Stam, 1993; Weil, 1990). Eventually, the museums' elevated social accountability required them to produce an evident outcome; the expectation is that increased accessibility of museums will show higher number of visitors, more income generating activities and wielding of "considerable economic power" (Weil, 1997, p. 249).

The focus shift in a museum's function, from the house of a distinct collection to a place which warrants cultural rights, increased the need for a marketing strategy in museum management. Likewise, art museums, where their permanent art collections used to be the only or a major factor of their reputation and visitor attraction point, headed toward becoming visitor-centered institutions. This meant not only focusing on exhibiting rare and significant artworks, but also building/reconstructing the museum in the scale and form of a national landmark, managing an exquisite café, restaurant and shopping space, and offering various types of activities. In the art museum setting, this sort of trend created terminologies such as "superstar museums" (Frey, 1998) and "the blockbuster art exhibition" (Millikin, 1996).

The superstar museum phenomenon, which was proposed by Frey in a study involving an economic analysis of world famous museums in major cities, can be summarized as museums fiercely fighting to have the five "superstar" characteristics because they are "*forced to offer total experience*" (Frey, 1998, p. 113). The five qualities of the superstar museum are 1) being a must visit place for tourists, 2) having a large number of visitors, 3) collecting world renowned paintings, 4) ranking the architecture of the museum building as world class, and 5) generating a significant portion of income from museum shops and restaurants, while impacting the local economy with its existence. The blockbuster art exhibitions are large scale, oftentimes world traveling, special art shows that actively include the elements of fame, popular culture and the business side of art (Millikin, 1996). Similar to the flamboyant characteristic of blockbuster movies, they are created with mega scale investments. In order to secure the popularity of highly invested exhibitions, museums have to borrow, if not own, extremely rare, valuable, and well-known artworks that people will want to line up to see. The competition for art within the museum circle has driven up the ticket prices of many popular art exhibitions, just as in private sector businesses, and increased the dependency on corporate sponsorship significantly.



Both these museum phenomena similarly imply the concurrent issue of intensifying competition in the cultural sector and the general public's increasing options regarding leisure activities to choose from. Inevitably, even the national museums that had previously provided non-profit and education-based services exclusively, had to be adjusted by incorporating some market-related elements, such as entertainment, popularity and consumable culture. Also in such a dynamic situation, the required skill sets of museum directors became much more complex. Before the widespread appearance of New Museology, museum directors most often had strengths as scholars, particularly in the humanities field with expertise in history. Recently, in order for the museum to provide more public benefit while creating an innovative business model with distinguishable cultural activities, the CEO type of museum director with fundraising, marketing and profit generating business management experience became much needed (Suchy, 2000; Donnelly, 2010). In a case study of the national science museum in Italy, Bagdadli and Paolino argued that the strategy setting differs depending on the personal background of the museum director, and his/her personal view of the museum mission can be directly reflected in the organizational performance; a museum director's appropriate and active role can ultimately result in improving both the organization's efficiency and legitimacy (Bagdadli & Paolino, 2006).

As Bagdadli and Paolino's study asserts, government owned museums are not exempt from concurrent museology forces when the NPM (institutional change) is chosen as a necessary reform by the government. Without a doubt, national museums with an abundant and secured funding source will experience less external pressure, but many major national museums in OECD countries that are privatized, incorporated, or in a semi-autonomous contractual form with its parent government, similarly share the need to provoke and attract the public in order to prove their competency. This demand for evident performance results is arguably initiated by the sudden financial cutback of publicly funded art museums in Western countries due to the 1980s to 1990s public sector reform, and carried out as a way to incorporate the "private sector philosophies on funding" (Rentschler, 2001, p. 2). However despite many differences in local situations and cultures, the privatization/commercialization of art museums was benchmarked worldwide to a different degree.

The MMCA in South Korea is one of the classic examples that had been engrossed in building a new superstar museum-like landmark scale branch in the center of Seoul under the leadership of its former president Lee Myung-bak. Inaugurated in November 2013, the MMCA Seoul is located in the center, near the commercial art gallery districts in Jongno-gu. It contains one of the largest museum shops in the world, and an independent organization that manages its profit generating businesses in the Seoul-branch. But despite the growth in museum space, the MMCA as an entity has remained in the same or at a similar level of financing and operating autonomy, and organizational capacity and structure. Without undergoing any major systematic and legal adjustments, the appointed museum directors during the branch expansion period (2009–2018, one more branch in Cheongju was inaugurated in 2018) were expected to prove their abilities as organizational leaders, art specialists, promoters, fundraisers and skilled

business managers, all at the same time. This unrealistic situation is similar to that of the NPM reform that was argued as a “failure” in South Korea, due to the lack of consideration of the local culture (Im, 2003) and the bureaucratic tendency to remain in traditional form (Kim & Han, 2015).

### **Research Context 1: Overview of the History of MMCA and its Agencification**

The National Museum of Modern and Contemporary Art, Korea (MMCA) was founded in 1969 as an administrative bureaucratic organization, and the curatorial position was first regulated within the organization in 1989. For this 20 year delay in securing curatorial staff, as well as the lack of education programs to nurture such professionals within the country until 1992, both the Korean arts community and the public’s distrust in the professionalism of MMCA was an ongoing problem until the early 2000s (The 100 Years History of Korean Museum Compilation Committee, p. 263). In response to this issue, the government introduced an open recruitment method in appointing a professional art museum director in 2000.

When the MMCA was first publicly notified by the government on the subject of agencification in 2004, the 15<sup>th</sup> museum director Kim Yoon-Soo and staff members at the time strongly opposed this sudden news. The majority of them thought that the government claimed autonomy would not be effective and would be mostly ceremonial. Their opposition was grounded on the lack of evidence and scholarly support of the effectiveness of the executive agency system in South Korea. Substantially, scholars in public administration criticized the limited autonomy given to the agency leader, lawful restrictions and organizational resistances occurring in actual practice, which were meant to have prevented any actual institutional or performance improvement (Kim, 2003; Choi, 2006). More opposition came from the communities of art professors, the association of art galleries, critics and artists throughout South Korea. Over 200 university art professors collectively formed a declaration against the agencification and argued that this reform will damage the future of Korean arts and the cultural sector. In short, those opposed to the proposal of transforming the MMCA into an executive agency were skeptical of the business-like administration and result-based evaluation in a non-profitable, public art museum. Furthermore, performance management was commonly thought of as the consequence of a financial crisis driven budget reduction (Park & Joo, 2010), therefore the art circle did not consider it as an ideal way to accurately understand and measure the improvement of an art museum.

As a response to the strongly opposing views in the Korean art community, the government argued that this institutional reform will strengthen the professional competency of MMCA for a couple of reasons. First, it will allow a quota increase in manager positions for teams of researchers, designers, educators and curators. Second, the director of MMCA will have more power over the organization, due to the enactment of a more specified operational regulation. Third, the competent director will autonomously set and take stronger responsibility in achieving the annual performance goals. In summary, the key factor that the government emphasized as a positive side of reform was strengthening the di-

rectorship and team-based organizational management; the emphasis was on appointing a competent field specialist as a museum director and retaining more decision making authority, which was previously exercised by the public servants with no expertise in the art field.

Eventually, MMCA was transformed into an executive agency in 2006 after a few negotiations with the opposing groups. However only two years after the agencification, the government once again selected the MMCA as an organization to be considered for incorporation; MMCA turning into a corporate body meant increasing the level of operating autonomy even more than as an executive agency, as well as increasing more responsibility in financial independence. From 2008, the incorporation of MMCA was an intensely debated topic inside and outside of the museum until the end of 2017, when the formal announcement against it was made under the current Moon Jae-in presidency. Inevitably, a decade long debate over the incorporation of MMCA prevented due attention to be given to the effect and outcome of the agencification. It was only recently that a few studies focusing specifically on the agencification of MMCA were published (Jung, 2014; Kim, 2019a, 2019b), but still the mechanism and consequence of performance management on this institution has not yet been adequately researched. Accordingly, this study aims to review the history of performance management of MMCA by analyzing performance evaluated results in relation to the directorship term. This effort may add value to the existing understanding of administrative reform in the context of South Korea, where the directorship/team leadership was considered as the key factor for enhancing the performance of arts organizations.

## **Research Context 2: Directorship History of MMCA and the Issue of Incorporation**

The history of MMCA directors is wide and varied regarding length of term and individuality in expertise, professional experience and background. Before the appointment of the 9<sup>th</sup> director Lee Kyung-Sung, the eight previously designated directors were all administrative bureaucrats and six out of eight of them (except the 6<sup>th</sup> (term: 1973.12.7.–1977.12.6.) and the 7<sup>th</sup> (term: 1977.12.24.–1980.10.3.)) had an average term of one year. As regards to the length of directorship, the director Lee Kyung-Sung, who was an art critic, had the longest term of 97 months; his first term as the 9<sup>th</sup> director was from 1981.8.18.–1983.10.7., and his second term as the 11<sup>th</sup> director was from 1986.7.29.–1992.5.27. Following this, the second longest term was 62 months by the 12<sup>th</sup> director Lim Young-bang and the 15<sup>th</sup> and 16<sup>th</sup> director Kim Yoon-Soo, followed by the 48 months term of the 14<sup>th</sup> director Oh Kwang-Soo.

Since the early 2000s, each directorship was regulated to a 3-year-contract based term and this contract could be extended on the last year depending on how the performance was perceived and evaluated (up to five years when the performance is ‘outstanding (우수)’ and to maximum of three additional years when the performance is ‘excellent (탁월)’). However, this ambiguous standard for the term extension still remains an unresolved issue, and there has not been a director who formally termed over three years since the agencification of MMCA in 2006. Also, since then, the background and professional experience of the MMCA direc-

tors varied more widely. For instance, the appointed non-bureaucrat/art specialist directors before the agencification (from the 9<sup>th</sup> director to the 16<sup>th</sup> director) were all males from the Korean art circle and had careers as either art critiques, art historians, artists or art related community leaders. But the 17<sup>th</sup> director was the first CEO type leader with no experience in the art field, the 18<sup>th</sup> director was the first woman and the 19<sup>th</sup> was the first non-Korean director (from Spain) with no Korean language skills.

The 17<sup>th</sup> director (term: 2009.2.23.–2011.10.31.), Bae Soon-Hoon<sup>2</sup>, who was appointed immediately after the former president Lee Myung-Bak's "MMCA Construction Plan" announcement, sought the Bilbao effect in Seoul by constructing the MMCA Seoul. He insisted from the beginning of his term that the incorporation is a necessary pathway for MMCA to overcome obstacles, such as the lack of resources, and restrictions in managing the organization and finance. To support this path, director Bae launched art education classes for senior managers and CEOs of public institutions and promoted strategic fund-raising projects. As mentioned above, the incorporation of MMCA was a significantly debated issue from 2008 to 2017, and director Bae was the first director to have actively encountered this issue and pushed forward with multiple organizational reform under the given right as a director of an executive agency.

Similarly, the 18<sup>th</sup> director (term: 2012.1.20.–2015.1.19.) Chung Hyung-Min proposed from the beginning that increasing the self-sufficiency of MMCA was one of her main objectives as a director. In order to achieve this goal, the Tate Modern in the U.K. was suggested as a benchmarking case for its transformation and financial growth from 2000 to 2012<sup>3</sup>. During the term of director Chung, a new sponsorship organization consisting of 15 members, who represent the conglomerates and large corporations in Korea, was established and the MMCA Seoul was finally inaugurated in 2013. She also authorized a new organization called the MMCA Foundation within the Seoul branch, in order to manage the new sponsorship organization created in 2011 and the businesses in MMCA Seoul (museum shop, parking lot, food and beverage etc.). The foundation later expanded its managing role to other MMCA branches' profit generating businesses.

During the term of 19<sup>th</sup> director (term: 2015.12.14.–2018.12.13), Bartomeu Marí Ribas, more sophisticated museum shop businesses such as book publishing became active. At an interview, director Marí expressed his support towards MMCA's incorporation. He thought of the incorporation as "transforming into a dynamic, flexible and productive organization", therefore with this change MMCA "can better fulfill its obligations"; he also stated that from his experience

<sup>2</sup> Bae Soon-Hoon graduated from Seoul National University (College of Engineering) and received a Ph.D. from Massachusetts Institute of Technology (MIT). He served as a professor at KAIST, a CEO and president of Daewoo Electronics. He served as a minister for the Ministry of Information and Communication in 1998.

<sup>3</sup> Tate Modern, which is a national art museum focusing on modern and contemporary art like MMCA, was heavily dependent on government support at its opening in 2000 (with 20% financial independence). However it reached the financial independence of 60% after 12 years of operation. For more information visit "History of Tate Modern", Available at: <https://www.tate.org.uk/about-us/history-tate/history-tate-modern> (accessed: 30 Jan, 2020).

in European institutions “expanding flexibility will lead to better performance”<sup>4</sup>. Also during this term in 2016, a 300 page long research regarding the incorporation of MMCA was published<sup>5</sup>. It consisted of a detailed case analysis of other countries’ incorporated museums, a survey and interview result of MMCA staff regarding the reform, and practical strategies for fundraising and options for future organizational reform.

Despite these three consecutive directorships putting efforts into achieving the incorporation of MMCA, legalizing this reform was rejected multiple times either during the course of discussions in congress or by the newly established government. The incorporation of MMCA was rejected mainly due to the concern over excessive commercialization of the museum, which could potentially weaken the professionalism in exchange for the market-driven activities. Also, not all staff of MMCA agreed to this change. Many resisted because this reform meant that their current status as permanent public servants had to be altered to contract-based or temporary public servants. Lastly, it was argued that MMCA was not reaching the level of self-sufficiency possible for incorporation, and that the issue lay in the weak donation culture in South Korea.

A commonly overlooked portion in reviewing the recent history of MMCA directorship is the executive transition period. In most world-renowned museums, the transition of museum director is considered heavily and the search for a new director begins well ahead of its current directorship’s termination date. However, in South Korea this has not been a commonly followed process and an inevitable period without a director has occurred.

Table

### Museum Directors, Their Term and Transition Period since 2006

Museum Director	Term	Transition period with no director
The 15 <sup>th</sup> and 16 <sup>th</sup> director, Kim Yoon-Soo	2003.9.6.–2006.9.5. 2006.9.6.–2008.11.7.	From the 16 <sup>th</sup> to 17 <sup>th</sup> Over 3 months: 2008.11.8.–2009.2.22.
The 17 <sup>th</sup> director, Bae Soon-Hoon	2009.2.23.–2011.10.31.	From the 17 <sup>th</sup> to 18 <sup>th</sup> Over 2 months: 2011.11.1.–2012.1.29.
The 18 <sup>th</sup> director, Chung Hyung-Min	2012.1.20.–2015.1.19.	From the 18 <sup>th</sup> to 19 <sup>th</sup> Over 10 months: 2015.1.20.–2015.12.13.
The 19 <sup>th</sup> director, Bartomeu Marí Ribas	2015.12.14.–2018.12.13.	From the 19 <sup>th</sup> to 20 <sup>th</sup> Over 1 month: 2018.12.14.–2019.1.31.
The 20 <sup>th</sup> director, Yun Bummo	2019.2.1.–2022.2.1.	

<sup>4</sup> Park Hyun-Joo. “Director Marí ‘My obligation is to spread Korean modernity to the whole world... Next year craft exhibition expected’”, Newsis, published 2016.03.13 15:15, modified 2016.03.15 14:36 Available at: <https://news.joins.com/article/19715655> (Accessed: 30 Jan, 2020).

<sup>5</sup> This research project can be attained at the following link: [http://www.prism.go.kr/homepage/entire/retrieveEntireDetail.do;jsessionid=84AF6F6FD080C22A1CDF2A8BD6D3A447.node02?cond\\_research\\_name=&cond\\_research\\_start\\_date=&cond\\_research\\_end\\_date=&research\\_id=1371000-201600109&pageIdx=514&leftMenuLevel=160](http://www.prism.go.kr/homepage/entire/retrieveEntireDetail.do;jsessionid=84AF6F6FD080C22A1CDF2A8BD6D3A447.node02?cond_research_name=&cond_research_start_date=&cond_research_end_date=&research_id=1371000-201600109&pageIdx=514&leftMenuLevel=160) (accessed: 30 Jan, 2020).



Since the agencification of MMCA in 2006, MMCA has operated without a museum director for more than 16 months in total (see tab.). Noticeably between the 18<sup>th</sup> and 19<sup>th</sup> director transition, the museum director was absent for almost a year from January to December of 2015. During this prolonged directorship vacuum period, the government was heavily criticized for not appointing a director (either incapable of selecting or purposefully leaving as vacant), and having the head of administrative bureaucrats serve as an acting director. The role of museum director is to initiate, lead and achieve significant tasks in a timely manner. The absence of this position slows down many processes and discontinues progressing steps, even collapsing the morale of the entire organization by making them focus on the bare minimum designated duty. Therefore, it can be argued that the South Korean government has been influencing significantly over the directorship of MMCA by practicing its power in not only selecting the person in charge, but also in deciding on when this will happen, for how long (extend or terminate the term) and to what extent the director will have the right to lead.

## Proposition and Methodology

As mentioned in the introduction, the purpose of this study is to disclose a national art organization case in South Korea that had been under the influence of performance management and administrative reform. The above theoretical review and two parts of the research context have set the background in understanding the MMCA and its former directors' objectives and achievements since the agencification in 2006. The significant points of the context can be summarized as these three points.

First, public institutions like art museums have gone through a theoretical and practical phenomenon shift that emphasized heavily on their responsibility to engage with the public and market-driven forces. And the adaptation of administrative (performance-based) reform in many parts of the world, including South Korea, has been behind this shift. Second, the South Korean art circle strongly resisted the initial administrative reform of MMCA as an executive agency, which made the art museum a subject of performance management. However, the incorporation, which meant heading towards a more competitive and enhanced autonomous body with self-sufficiency responsibility, has been prepared internally by the MMCA directors since 2008 (from the 17<sup>th</sup> director onward). This path was taken only two years after the agencification, even though MMCA was not ready for such advancement organizationally and culturally. Third, the South Korean government focused on strengthening the obligation and leadership of museum directors in order to achieve the performance enhancement and inauguration/successful management of a new superstar-type museum branch. The government also maintained a considerable controlling power over the selection and termination of MMCA directorship, and the performance evaluation result was in direct relation to this decision.

From these three major points as the background, a main proposition can be suggested in regard to the directorship and performance management of MMCA, which is the possibility of performance management functioning in support of the



directors working towards the incorporation and enhancing the visible/noticeable museum performance to better prepare for this future reform. To verify this main proposition, a few more detailed arguments can be proposed. First, the composition of performance evaluation results will reflect the difference of each directorship and the most urgent/significant mission at hand. In other words, there will be some sort of distinguishable trend in performance items that each director (either purposefully or as a given responsibility) is focused on and dedicated to more heavily, in order to highlight the achievements of each term. Second, the performance evaluation of MMCA will show more focus on the quantifiable performance results compared to the core competency related performance, which are more quality based and having less to do with supporting the incorporation. These two propositions together will show the mechanism of performance management of MMCA, which goes hand in hand with the directorship focusing on provable and identifiable performance goals and results that better support building on the basis of the museum's incorporation and business situation. In order to verify these propositions, MMCA's accumulated annual performance evaluation results, annual reports, public announcements and proposed schemes of the former directors, and other related news, articles, and available information are reviewed from 2007 to 2017.

In South Korea, the performance evaluation report of the executive agencies that have legal appraisal responsibility is published annually as a unit. The evaluation of each agency is taken in two steps; the first part is done by professionals in the field specific to the agency, and the second part is done by a committee organized to review the entire body of executive agencies. More specifically, the Executive Agency Management Committee, under the Ministry of the Interior and Safety, reviews the management competency evaluation report and the agency-specific-business evaluation report submitted by each department. Then the committee organizes a comprehensive evaluation group and goes through a written and due diligence evaluation of these submitted reports, and finalizes the report in the four areas of "leadership and strategy, organizational efficiency, performance and feedback, and appropriateness of the agency specific evaluation".

In the case of MMCA, the agency-specific-business evaluation is pursued by an evaluation group of five, which consists four people from the Korean art circle (from a university, research center, other museum, and art space/business etc.) and one deputy director/administrative official from the Ministry of Culture, Sports and Tourism. This evaluation group organizes 1~3 group meetings and a field visit to MMCA or a face-to-face MMCA personnel meeting in order to process the performance evaluation. Based on the submitted annual performance goal in the previous year (the evaluation process begins in January, the first part ends by February and the final report comes out by June), performance evaluation indicators and their index weight are decided within the group meeting, and a final score out of 100 is concluded as a result. This first part of the performance evaluation of MMCA is once again reviewed by the operation council of seven professionals/representatives from the Korean art circle and one deputy director/administrative official from the Ministry of Culture, Sports and Tourism. The report is then submitted to the Executive Agency Management Committee for the second part of the evaluation.

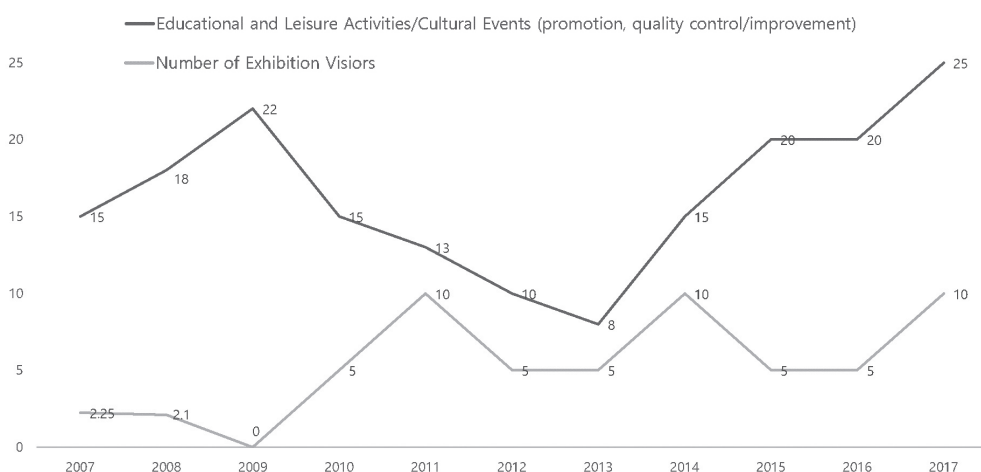
In this study and analysis, the first part of the evaluation (the agency-specific-business evaluation), which consists of specific evaluation indicators, index weight, and individual scores and final score, is focused on. For the convenience of referring to the indicators of specific interest, the terms “Public-Oriented” and “Core Competency” performance/measures will be used. The “Public-Oriented Measurements” (POMs) will include systematically quantifiable performance results of MMCA, such as visitor numbers, ticket sales, and visitor satisfaction appraisal. Also, this concept will be comprehensively used and interpreted with the organizational and leadership effort in enhancing quantifiable results and public activities, such as investing in building/reconstructing infrastructures for better accessibility and serviceability, and increasing promotion, marketing and public gathering activities. The “Core Competency Measurements” (CCMs) will include performance related to strengthening the exhibition curation, art collection (acquisition, preservation etc.) and research capability (building a database for research, publish papers and academic journals etc.), which are the professional tasks specific to the art museum. These duties and their improvement in quality are not completely quantifiable, therefore less accurate as measures but still considered as a main portion of the MMCA performance goal and result in the evaluation process.

## Analysis and Results

### Analysis of Public-Oriented Measurements

From analyzing the performance evaluation indicators of MMCA from 2007 to 2017, the Public-Oriented measurements (hereafter, POMs) could be argued as being constituted by the five major evaluation factors: 1) promoting and improving educational and leisure/cultural activities, 2) number of exhibition visitors, 3) general publicity (including publicity of exhibition), image improvement and marketing investment, 4) customer satisfaction, and 5) constructing/planning and executing MMCA Seoul. Out of these five items, the two comparable components are the measurements regarding the activities and visitor number.

*Figure 1: Weight (%) of MMCA Seoul from 2007 to 2017*



Once these two performance results are compared in the weight (%) portion, as in Figure 1, it is evident that in the performance evaluation, more emphasis has been given to promoting and improving the quality of activities, such as the education, leisure and culture related programs and events, compared to increasing the number of exhibition visitors.

This does not mean that public activities within MMCA were more important than the exhibitions, but it signifies that at least in the annual performance evaluation, museum performance in engaging people through activities and events have been conceded with more attention compared to the visitor count.

Specifically, the performance of promoting and improving the museum activities weighted over 20% of the total performance composition in 2009, and from 2015 to 2017. Notably, 2009 was a unique year when the first non-art related director (the 17<sup>th</sup> director) was appointed, especially in an attempt to increase efficiency in constructing the MMCA Seoul. This was the only year when the 'number of exhibition visitor' index was not included in the evaluation composition, and activities involving the public were focused slightly more compared to adjacent years.

When the visitor count index is analyzed more in detail, it is evident that the first few years of appraisal did not consider this measure significantly (less than 3% from 2007 to 2009). This could signify that the original mechanism of MMCA performance evaluation was not necessarily intended to judge its competency and organizational effort on the basis of recorded visitor count.

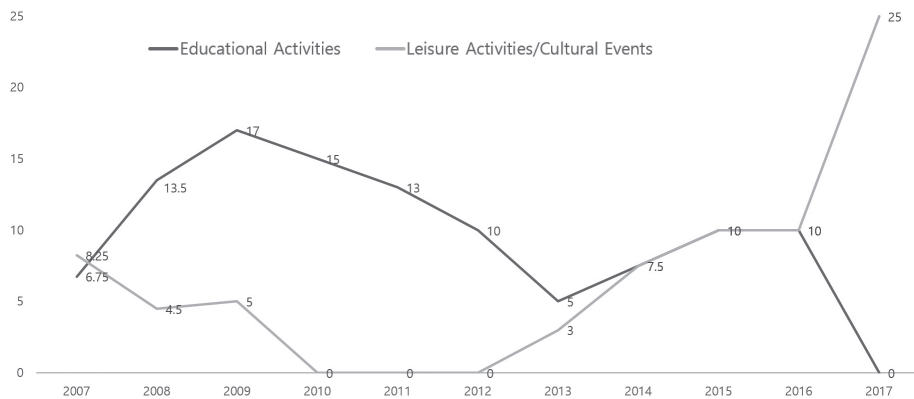
A significant finding regarding this measure is that in 2011, 2014, and 2017, which are the last years of each directorship term, an increase of weight to 10% is shown. The last year of directorship term was explained in the Research Context Part 2 as the most critical year in proving the effectiveness of leadership in order to get the renewal/extension of the contract.

Therefore, it could be argued that the number of exhibition visitors, which signifies the success in exhibition curation and its promotion, is considered with more weight when the competency of the museum director became the topic of heated debate.

The POMs in relation to directorship can be analyzed in more detail with the changing trend of index weight in different types of museum activities. Once the activities are divided into educational and leisure/cultural types (see Figure 2), it is evident that the latter activities gained far less emphasis from 2008 to 2012 compared to the ones with educational quality. But from 2014 to 2016, these two types of activities are treated mutually.

Further, this dynamic is completely flipped in 2017, when the educational activities index was not specified but cultural activities that promote "arts and cultural experience" weight 25% of the entire annual performance. "Experiencing" can be argued as having both elements of knowledge learning and enjoyment, but it is considered as a part of cultural activities because the term "education" was not included in the title of the index, which is different from the previous years.

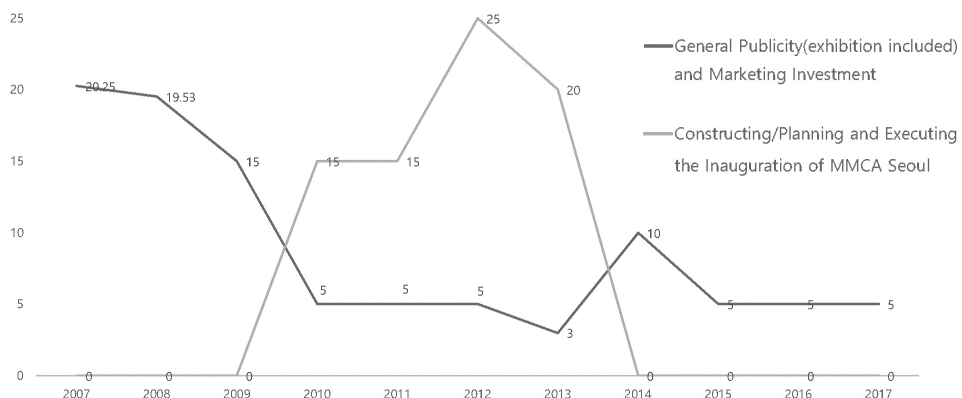
**Figure 2: Weight (%) Educational and Leisure/Cultural Activities from 2007 to 2017**



Even though the fluctuating trend does not correlate exactly to each directorship term (see fig. 2), it shows a strong connection. In particular, the three consecutive years of 0% weight of leisure/cultural activities and reducing weight of educational activities from 2010 to 2012 reflect the performance evaluation becoming lenient towards this type of museum performance (or considered as less important) during the MMCA Seoul construction period. However naturally, providing the opportunity for people to visit the museum became a much more important issue after the inauguration of the new branch. Therefore, this table can be analyzed as showing a growing trend of emphasis on promoting and communicating with the public via activities before the construction decision and after the inauguration of a new museum branch.

Similar to the analysis of (fig. 2), the total index weight of educational and leisure/cultural activities in Figure 1 shows a gradual growth from 2007 to 2009, and a downward slope from 2009 to 2013, then growing again from 2014. The total weight reducing rapidly from 2009 is also witnessed in the changing pattern of general publicity and marketing investment measures (see fig. 3). And this can be best interpreted in relation to the performance evaluation prioritizing in the MMCA Seoul construction/planning during this period.

**Figure 3: Weight (%) of General Publicity/Marketing Investment and MMCA Seoul Related Tasks**



As we see in Figure 3, the performance evaluation index regarding the Seoul branch specifically grew from 15% in 2010 and 2011 to 25% in 2012. This 10% increase is rather significant, and even more so because the transition of museum director occurred at the end of 2011. Originally, building a new museum branch in Seoul was the most distinguishable achievement that had to be completed during the 17<sup>th</sup> director's term (the three year contract was from 2009.2.23 to 2012.2.23), but without achieving this goal the director resigned suddenly in October 2011<sup>6</sup>. Accordingly, the next director had to be in charge of completing this mission as soon as possible and follow through as planned. This urgency is reflected in the largest portion of 25% weight in the evaluation of 2012 (fig. 3). But unfortunately, a construction related accident happened in the basement of MMCA Seoul in August 2012, which caused 4 deaths and 25 injured due to a large fire. The 18<sup>th</sup> director in charge at the time was brutally criticized for this incident; the blame was partially on the director because a safety related hazard could not have been prevented in order to meet the unrealistically set deadline for inauguration.

In summary, it is evident that museum directors confronting a major duty such as building a new museum branch took on a heavy responsibility, and during such pressing years, to achieve such a major goal, performance evaluation played a role in pressuring the deadline and governing the directorship. Also, it can be concluded that the mechanism of performance evaluation works in ways to guide performance enhancement towards more symbolic and urgent performance goals, and as a result promoting the museum activities and publicity/marketing tasks were inevitably overlooked during the MMCA Seoul construction/planning years. The analysis of POMs in performance evaluation for the most part supports the first proposition, which claimed a directorship term specific and urgency/importance-prioritizing performance management.

The last index in the composition of POMs that has not been focused on is the customer satisfaction rate (fig. 4).

**Figure 4: Weight (%) of Customer Satisfaction from 2007 to 2017**



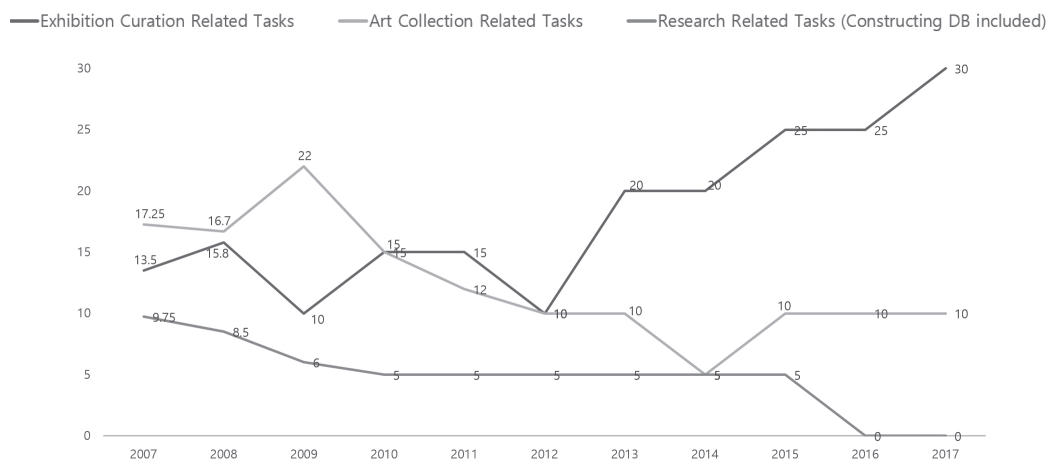
<sup>6</sup> Director Bae resigned after a devastating/humiliating experience at the periodic audit regarding the newly proposed logo and name for the new museum branch in Seoul. The members of the National Assembly who questioned him criticized intensely of his attitude and pose, such as putting one hand in his pocket and sitting with one leg crossed.

The customer satisfaction rate is a measure that is annually conducted through a survey by the Ministry of Culture, Sports and Tourism. This index is the only measure in POMs that shows no influence of directorship term or any urgent performance goal being focused. The only change in this measure is the 5% increase of weight in evaluation composition; a steady 10% weight from 2007 to 2014 and an increase to 15% from 2015 (fig. 4). 2015 was the year explained in the Research Context Part 2 as a year with no appointed MMCA director for over 10 months. The acting director during these 10 months was the head of administrative organization within MMCA, whose legal status was a bureaucrat of the Ministry of Culture, Sports and Tourism. Therefore, the 5% increase in the customer satisfaction rate in the evaluation composition from 2015 can be interpreted as a sign of change that is initiated by the Ministry of Culture, Sports and Tourism, in order to have more leverage in the performance evaluation of MMCA. The customer satisfaction rate, which is conducted, managed and released under the ministry, is the only index that has not fluctuated and has been steadfastly controlled in the performance evaluation of MMCA from 2007 to 2017.

### Analysis of Core Competency Measurements

The Core Competency measurements (hereafter, CCMs) of MMCA in the evaluation result from 2007 to 2017 are composed by the three major performance indexes regarding the exhibition, art collection and research. These tasks are included in the performance goal as titles such as “execution of high quality exhibition”, “systematic art collection and management”, “constructing a scientific archive system” and “research base expansion”. The evaluated measures of CCMs were gathered, divided into three specific tasks and chronologically compared in Figure 5.

**Figure 5: Weight (%) of Individual POMs in Detail from 2007 to 2017**



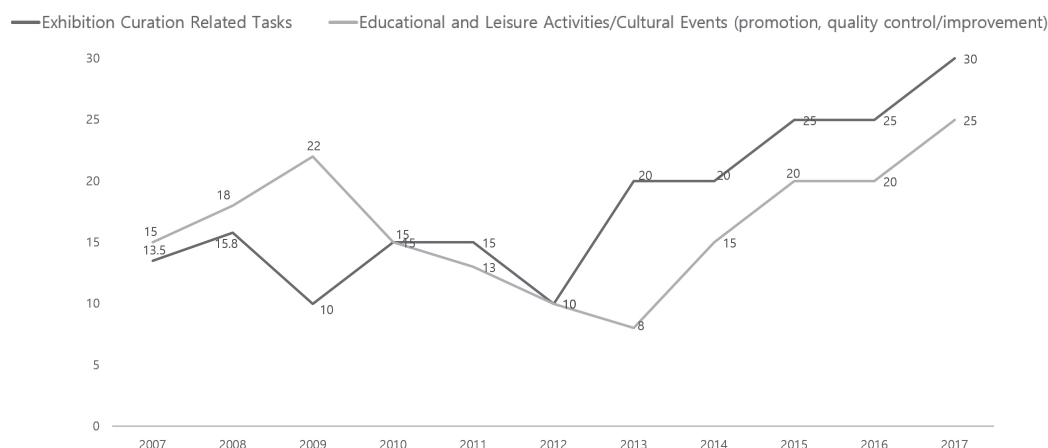
The Figure 5 shows a slight rise in the weight of art collection related tasks and a dip in exhibition related tasks in 2009. This is a similar pattern to that of Figure 1, where a lesser portion was given to the visitor count (exhibition related quantifiable result) compared to the museum activities. But the reasoning behind the increase in weight of art collection related tasks in 2009 can be analyzed more in depth by looking at the



internal situation of MMCA in the previous year. In 2008, the 16<sup>th</sup> director of MMCA was dismissed by a special audit, which convicted the director for wrongdoing in the process of art collecting. This result of this audit was later proved through a lawsuit as a falsely enforced decision, which could have been executed against the director who in the previous years had projected his political inclination and opposition for the reforms (performance management and further incorporation) of MMCA. It can be argued that due to this infamous situation, the performance goal of 2009 and the evaluation result temporarily included more details regarding the task of art collecting.

When comparing the three index weights of CCMs (fig. 5), generally the research related task was the least emphasized measure, followed by the art collection and lastly the exhibition. From 2016, a research task was not included in the composition of performance evaluation, which means that both in the goal setting and evaluation process this task was no longer specified and considered as a targeted performance. On the other hand, the exhibition related task gradually grew in the index weight from 2012 and reached the highest portion of 30% in 2017. During the 10 years of evaluation, the 30% weight in the exhibition related tasks is the highest of all, which overrides the total index weight of promoting/improving the educational and leisure/cultural activities (highest in 2017 with 25%) and constructing/planning of MMCA Seoul (highest in 2012 with 25%). The comparison of exhibition curation and activities related index weight in Figure 6 makes it more evident that the emphasis of exhibition curation increased greatly from 2013 and had been the most weighted evaluated performance.

**Figure 6: Weight (%) of Exhibition Curation and Activities Related Tasks from 2007 to 2017**

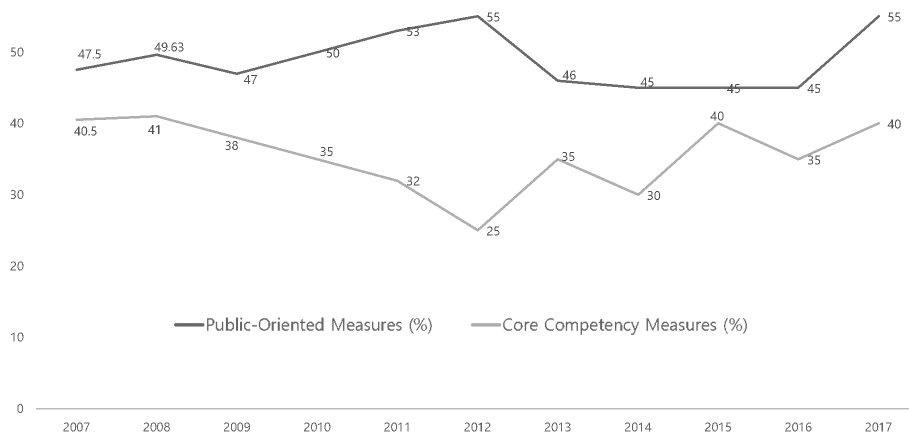


It can be argued that the drastically different trend in research and exhibition performance measures as part of the CCMs means the performance that is more visible, quantifiable and measurable in tangible return gained growing emphasis in the annual evaluation, similar to the analysis result of the POMs. The exhibition related task growing in index weight beyond 20% since 2013 is in alignment with the inauguration of MMCA Seoul, which contains the newly built large exhibition spaces that are easily accessible. For MMCA, the quality of exhibition became

a much more emphasized performance to be managed, and in return art collection and research related tasks were considered with less significance in the evaluation.

For the last part of the analysis of performance evaluation results of MMCA, the POMs and CCMs in total are compared in Figure 7. The chronological analysis of the total percentage of POMs shows a growing trend from 2009 to 2012, which is during the MMCA Seoul construction period. And during the same period, the CCMs gradually decreased in total proportion. As a totality, the CCMs occupied less proportion of MMCA performance evaluation composition compared to the POMs every year since the performance management was implicated. Overall, the MMCA is evidently managed in order to become a better servicing space for the public with various activities, larger museum space (new branch), and quality exhibition, going by the analysis of performance evaluation results from 2007 to 2017. Finally, it can be concluded that the performance measures that support the incorporation of MMCA were focused more in the evaluation and this supports the second proposition.

**Figure 7: Weight (%) of Total POMs and CCMs from 2007 to 2017**



## Discussion and Implication

As the only representative national art museum in South Korea, MMCA has made a significant effort in becoming an active, competent and attractive museum. In support of this direction, the government introduced an open recruitment method in appointing the museum director in 2000 and an institutional reform as executive agency in 2006. These two major changes were to provide an opportunity to capable specialists to be considered as the MMCA director, and for the appointed specialist to autonomously set and achieve the performance goal. Since the agencification of MMCA, the performance management has been in effect to manage and evaluate the enhancement of museum performance annually, and this study was dedicated to analyzing the details (which performance type was managed with how much weight, when and why) of its mechanism.

A meaningful finding regarding the consequence of performance management in MMCA was that it had been provoking to achieve the performance goals that are directorship term based, better noticeable and quantifiable, and most urgent. Con-

structing and inaugurating the MMCA Seoul within four years is a typical example of the mechanism of performance management and directorship efforts working hand in hand for monumental progress. In reality the building of MMCA Seoul was without a doubt a major step forward in the organization of MMCA towards creating a profitable business situation. And this new branch was a long awaited demand and desire of the Korean art society, since the reopening of the MMCA Deoksugung branch in 1998. The data shows that the MMCA as a unit of three branches had enabled the increment of at least 500,000 to over 1,000,000 museum visitors per year (fig. 8), but even with this expansion, the attempt to reform MMCA into a corporate body had failed. Many issues need to be discussed surrounding this topic, and delving into this matter requires a separate study in the future. However, a few issues can be addressed by using the data and information gathered for this study: the intervention of government in ticket price and directorship stability.

**Figure 8: Number of Exhibition Visitors and Annual Ticket Sales of MMCA, in annual report**



Paradoxically in Figure 8, the MMCA's exhibition related performance result presents the trend of an increase or decrease in annual ticket sales (in Korean won) not correlating with the changing pattern of exhibition visitor numbers. This is mainly due to the cultural policy, which began to be enforced strongly from 2010 to provide free or discounted exhibition admission for a larger public. The problem is that the subjects who benefit from this policy have fluctuated over time and as a result, the profit generating mechanism through ticket sales became much more complex to predict. From a management perspective, a natural response to the uncertain relationship between the popularity and profitability in art exhibitions is to invest less in promotion and publicity, even in quality improvement. It was mentioned multiple times previously that exhibition curation is one of the main tasks of an art museum that requires growing investment in order to provide a more unique and different experience to the visitors. This responsibility is more important when the competition in the cultural sector intensifies and

the need for the museum to self-sustain increases. However, once the expected measure regarding this performance becomes difficult to manage, dissonance may occur within the organization (curators and manager) and also between the people who demand (the public) and those who provide (arts organizations).

On a different note, the MMCA directors who have led the organization since agencification attempted to positively receive and respond to the 21<sup>st</sup> century trend of global museum management, which is to better self-sustain and more flexibly self-govern. What role did the performance management take in this situation and is MMCA in need of such management? And what are the consequences of this management method and issues that need solutions for the future?

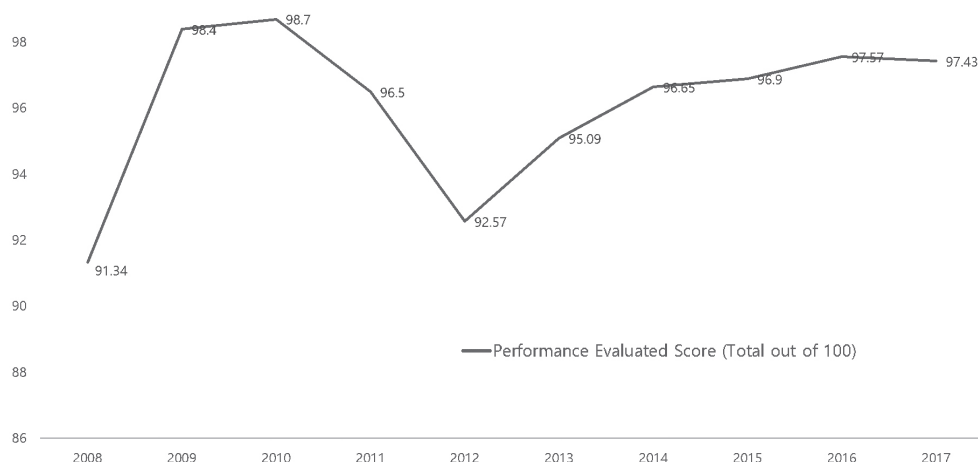
It can be argued that performance management, the evaluation part particularly, has been signaling as a moderating tool for the government in engaging with the performance of MMCA and its directors. In the South Korean context, the directors of the national museum had to simultaneously satisfy the public and the government, while managing the museum as a competitive and professional institution. But too much responsibility was given to a single person, and expectation was too high for a short term contract-based leadership. The problem with this three year directorship term is that in the first year the tasks that were planned in the previous term had to be pursued, then, starting from the second year, more personalized leadership and directorship can come in effect. But the evident performance result has to be presented within two years, or the leadership shifts again. This makes the museum organization target achievements that visualize or at least become measurable within a few years. As a result, in the case of MMCA, the growth of professional competency in a systematic manner was considered less as a mission and each directorship focusing on different elements of museum tasks in the long run had weakened the continuity in development.

It has been suggested from the beginning of this study that performance management can be a governing tool that supports the museum directors working towards the incorporation and enhancing the museum performance to better prepare for this future reform. The findings of the performance evaluation result analysis from 2007 to 2017 support this proposition, and the chronologically changing trends of performance index weight show growing emphasis on the directorship term related, urgent and more quantifiable performance, which are important factors in achieving the incorporation of MMCA with strong leadership and government support. In particular, the internal situation and timely concerns regarding the directorship of MMCA were directly reflected in the immediate performance evaluation, which made the improvable issues/matters easier to discern and emphasize for the directors and evaluators.

But the problem occurred with the aggressively pursued special/periodic audits in the history of MMCA that targeted the directorship transition. The unprepared discontinuity and prolonged absence of directorship made the performance management reform as a whole appear as a political engagement pathway to constrain the museum. As a result, the public awareness of the national art museum and the governmental role in managing it was damaged immensely. On the other hand, a different type of problem existed regarding the evaluation mechanism working too friendly with the directorship. For example, when the total/final performance score

is considered solely as a score above 95 was given except in 2008 and 2012 (fig. 9), and even in these two lowest scoring years above 90 was given. Such a final evaluation score appears merely as a positive feedback with weak judgment being made of the yearlong performance within the MMCA.

**Figure 9: The Final MMCA Performance Score in Total, out of 100%**



It is not impossible to argue that the performance of MMCA was beyond the A (90+) grade ever since the performance management was applied. But the evaluation result still does appear lenient in nature, because it does not include any form of performance enhancement tracking system. Also, there is no standardized process in the goal setting and negotiation effort among the government-director-organization, the number of group meetings for performance evaluation fluctuate from 1 to 3 times, and the indicators developed in such a short evaluation period (within a month) are obscure. Another issue exists in the grouping of MMCA performance evaluators and how frequently the same person reappears as an evaluation group or operation council member. More diverse voices need to be reflected in the evaluation process, and specialists in the management and public administration (organization, finance and strategic business etc.) have to be included as a significant portion of the evaluation group. As a last remark, it is important to remember that in order to effectively utilize performance management in a museum setting, first goal setting, then ways of tracking progress, such as fixating the definition of performance and standardizing evaluation criteria, have to be understood clearly between the museum organization and the director in charge, and among the government, the performance evaluators and the museum.

## Conclusion

The National Museum of Modern and Contemporary Art, Korea is a museum that over 2,500,000 people visited to view its exhibition in 2017. In the era of Superstar Museums, the MMCA has thrived to grow and find balance between the market force and governmental engagement. This study argued that the performance man-

agement of MMCA had a beneficial side in promoting the result-based performance specifically, but also had weakness in maintaining long term stability and continuity in development. The concluding consequence of performance management in MMCA was that the organizational performance of achieving quantifiable and evident-based results became more easily distinguishable, and so the performance with these qualities became more influential to the understanding/evaluation of directorship competency. Further research can include more cases in different parts of the world, since this study focused on a particular case in South Korea. Compiling the historical and contextual differences in a comparative form can enhance the understanding of performance management in the arts and cultural sector.

In theory, performance management can function as an ideal tool for the checks and balances of the performance improvement, under the condition of clearly and specifically set goals with a fair and critical evaluation mechanism. Also it has been considered as a “key determinant” for performance improvement (Moynihan & Pandey, 2004, p. 421), and was adopted widely in high hopes. In South Korea, the benchmarking of many western theories, ideas and concepts happens abundantly, even when the tendency of its people, culture and developmental history are different in many ways. The public art museums were not exempt, even though the performance management of arts organizations, not only the goal setting and evaluation part but also the abstractness of performance itself, increases the threat of misinterpreting the management effect. Therefore, implementing the idea of competitive management to the national art museum must be questioned in regards to the “responsible government doing the right thing for its people”.

In the past 20 years, the total number of art museums in South Korea increased from less than 50 to over 250. During this time of massive growth in the number of art museums, many cultural policies were introduced, administrative reform has occurred in many cultural institutions, and Korean’s understanding and appreciation of art have grown. Also the global perception of Korean art and its market power have strengthened. However, it appears as though the only national art museum in Korea, the MMCA, has not yet been brought to complete fruition. This is due to the lack of understanding of its organization, consequences of the previous and future reforms and the impact of leadership and executive transition. Therefore, more research regarding these areas and the museum’s relationship with the creative industry, its visitors and local economy need to be pursued to find the best way to manage and govern. As a final note, it is important to acknowledge that visitors and their willingness to engage is the foundation of the museum experience. When the public develop a keener sense of creativity, enjoy and invest in cultural activities and art collecting often, and fully understand and finally appreciate their cultural heritage and identity, then art collections and curated exhibitions in art museums, which suggest a new way of seeing, approaching and presenting, can serve more functions and create more synergy.

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# FROM BUREAUCRACY TO MARKET? ONGOING REFORM AND PERFORMANCE CHALLENGES OF SOLID WASTE ADMINISTRATION IN MOSCOW

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## Abstract

Russia is actively reforming its environmental sector and continually introducing new policies in waste management. This paper provides insight to the current system of municipal solid waste management (MSWM) in the Moscow megapolis and identifies the extant performance challenges caused by the misfit of moving from a predominantly bureaucratic system to a quasi-market process. While the Russian waste management reforms seem to be moving towards a western approach to mirror those of San Francisco, USA, the comparative analysis provided within the study reveals that there is better administrative compatibility with the Asian approach currently being implemented in Seoul, South Korea. Finally the paper provides suggestions for collaborative governance with regards to household waste management in the city.

**Keywords:** Municipal Solid Waste Management, Inter-Municipal Cooperation, Performance Challenges, Quasi-market Process, Urban Governance, Russian Federation.

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## Introduction

Today's global environmental crisis revolves around continuous waste generation and the inefficiency of most government systems to adequately manage waste treatment and disposal. Municipal Solid Waste (MSW) as defined by Eurostat-OECD<sup>1</sup> (Eurostat, 2017) includes household waste and similar waste generated through other

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<sup>1</sup> EU Commission: URL: <https://ec.europa.eu/eurostat/documents/342366/351811/Municipal+Waste+guidance> (accessed: 08 June, 2020).

sources but similar in composition. Different cities usually adopt independent specialized categorization standards of MSW which often depends to a large extent on their budget, urban design and disposal methods. Innovative technologies are opening up new possibilities for waste management and some municipalities like San Francisco<sup>2</sup>, Capannori<sup>3</sup>, and Seoul<sup>4</sup> are taking the lead in zero waste. These cities send only a minimal amount of waste to landfills since most of the products generated within their communities are designed to be fully utilized via a circular economy strategy – hence becoming waste free. Nonetheless, many cities cannot afford the “zero-waste” status. The process is expensive, time consuming, and requires policy changes and careful resource management planning. Besides, even with the best efforts in place, numerous challenges may still hinder optimal performance. Russia recently set its path towards achieving a circular economy and Moscow is one of such cities currently struggling with implementing the first phase of its waste management reform.

The Moscow megapolis is made up of Moscow city and the Moscow Oblast. It is the most densely populated region in the entire country and accounts for the largest volume of MSW in Russia. According to the auditing company Finexpertiza (2019) these two administrative regions collectively generate an estimated 51 million cubic meters of solid waste per year<sup>5</sup> most of which ends up in landfills as only 4% is currently being recycled<sup>6</sup>. A recent article in the Moscow Times (2018) stated that the volume of solid waste disposal has grown over 30% in the past decade. This spike in waste volume is said to be caused by the ripple effect of urban population growth and the increase in consumer demand and urban lifestyle choices (Kaza et al., 2018). More waste is now being generated from consumer packaging (especially consumables) and the Moscow city authorities estimate that over 8 million tons of waste is generated per annum<sup>7</sup>.

The city is currently surrounded by fourteen landfills<sup>8</sup> in its immediate periphery, twelve of which are located in the Moscow Oblast. Each of these waste sites is situated within close proximity (on average between 500–900 meters) to residential communities. These landfills and waste disposal sites are mostly over-filled or have reached their maximum capacity and some have subsequently been turned into open waste dumps which currently pose serious environmental and health hazards to the surrounding communities. This situation has led to numerous community protests<sup>9</sup> directed at the municipal authorities, petitioning them

<sup>2</sup> San Francisco Department of the Environment. URL: <https://sfenvironment.org/striving-for-zero-waste> (accessed: 08 June, 2020).

<sup>3</sup> Zero Waste Research Centre Italy. URL: <http://www.rifiutizerocapannori.it/rifiutizero/> (accessed: 08 June, 2020).

<sup>4</sup> World Economic Forum. URL: <https://www.weforum.org/agenda/2019/04/south-korea-recycling-food-waste/> (accessed: 08 June, 2020).

<sup>5</sup> Crosswrap (Finland). URL: <https://crosswrap.com/waste-management-in-russia/> (accessed: 08 June, 2020).

<sup>6</sup> Netherlands Embassy in Moscow Report. URL: <https://www.rvo.nl/sites/default/files/2018/09/waste-management-in-russia.pdf> (accessed: 08 June, 2020).

<sup>7</sup> Data from recent MSWM report by the Mayor's office. URL: [https://www.mos.ru/upload/documents/files/1934/1\\_Proektdokumenta.pdf](https://www.mos.ru/upload/documents/files/1934/1_Proektdokumenta.pdf) (accessed: 08 June, 2020).

<sup>8</sup> Moscow Region Government. URL: <https://mosreg.ru/sobytiya/novosti/news-submoscow/uzhe-bolee-20-poligonov-tbo-zakryli-v-podmoskove-s-2014-goda-6381> (accessed: 08 June, 2020).

<sup>9</sup> Russia Business Today. URL: <https://russiabusinesstoday.com/environment/protest-erupt-over-moscow-governments-waste-management-plan/> (accessed: 08 June, 2020).

to permanently close down such sites and provide more sustainable waste management solutions to prevent further ecological damage. The government, in an attempt to deal with this crisis, permanently closed down a total of twenty seven landfills between 2013 and 2019. The decommissioning of such sites has triggered the need for innovative recycling methods and state-of-the-art waste processing plants. To this end, inter-municipal cooperation (IMC) between both territories has recently started focusing on long-term development cooperation, especially within the context of spatial development, municipal solid waste management (MSWM) and social infrastructure. Part of this inter-municipal agreement alongside the centralized government system is what facilitated the speedy construction of medical outposts in the Moscow region during the onset of the Coronavirus (COVID-19) pandemic earlier this year<sup>10</sup>.

This study reviews the recent waste management policies in the Moscow megapolis which take on a quasi-market approach yet have been structured for a predominantly bureaucratic system. The comparative analysis provided herein tests the suitability of the market model which is being adapted from the decentralized waste management system in San-Francisco. A multi-indicator approach is utilized in data discovery which provides an objective method of assessment not dependent on the individual success of any one government agency in particular, but provides a holistic summary on the performance efficiency of the entire interconnected waste management network (Kelly & Swindell, 2003; Barabashev, Makarov & Makarov, 2019). This of course is provided within the framework of public administration and municipal management.

Further research in the subsequent pages provides answers to the following research questions:

- What are the major waste management legislative reforms in Russia?
- Who are the key stakeholders in Moscow's MSWM?
- What are the key performance challenges within Moscow's MSWM system?
- San Francisco (West) or Seoul (East) – which city provides a better guide model for Moscow's waste management?

Nonetheless, the entire waste management system in Russia is currently being reformed and is therefore quite fluid at the moment. Agency officials and regional waste operators are reluctant to give interviews as waste policies are still being amended at an alarming frequency and much confusion exists over the situation with landfill sites and stakeholder authority within the Moscow fiscal plan for 2020–2025. Considering these limitations, the study only provides a snapshot of the current situation within the scope of *municipal household waste administration*.

## Theoretical Framework

The performance assessment of urban infrastructure is often measured through the efficient supply of clean water and the administration of municipal waste (Teixeira, 2009). This assessment is essential for strategic policy planning and sustain-

<sup>10</sup> URL: <https://www.dw.com/en/coronavirus-russia-builds-hospital-on-outskirts-of-moscow/av-52895491> (accessed: 08 June, 2020).

able urban development. The United Nations estimates that over 68% of the world's population will live in urban centres by 2050<sup>11</sup>, thereby exerting tremendous pressure on city-wide infrastructure, particularly waste management systems. A review of related literature shows that most cities globally are gradually working towards upgrading their existing waste management infrastructure despite multiple system-wide challenges (UN-Habitat, 2010; Sim et al., 2013; Wilson et al., 2013, 2015). One major challenge identified with most cities, aside from financial constraints, is the outright adoption of external waste management systems and the transposition of expensive technology without the initial comprehensive assessment of their existing waste management system or an understanding of the local context (Hoornweg & Bhada-Tata, 2012; Topić, 2015). Unfortunately there is no waste management model that can be applied across the board. Waste systems have to be customized to the exact region under consideration and factors such as demography, politics, social coherence, economy, culture and tradition should be integrated when designing new models (Kaza et al., 2018). It is therefore important to develop performance assessment models to help evaluate waste management systems. A number of studies have already been conducted on waste management sustainability indicators as identified by Zaman (2014). Most of this research is focused within socio-economic and environmental contexts while a few have also specifically covered topics on the integration of zero-waste systems. However, none of these studies provide a generalized system of assessment. The Integrated Sustainable Waste Management (ISWM) model therefore provides this much needed holistic approach to evaluating multi-dimensional components in the waste management cycle and provides modern perspectives for sustainable development. The ISWM concept was introduced in the late 1990's by waste management experts and the core objective was to address common problems in waste management arising due to traditional ineffective approaches such as poor waste system planning, technical/technological set-backs, low capacity development, uncoordinated stakeholder influence, administrative bottlenecks and corruption (Baud et al., 2001; Scheinberg et al., 2004; Henry et al., 2006; Joseph, 2006; Pasang et al., 2007; Manaf et al., 2009; Troschinetz & Mihelcic, 2009). The model applies a circular economy system approach when planning for a new waste system or evaluating the efficiency of an existing waste management process. It provides holistic sustainable management options through the integration of three important dimensions in waste management and public administration:

- (i) Stakeholder cooperation towards waste resource management, the role of local self governance and the impact of internal factors on collaborative governance;
- (ii) Coordination of waste system elements, primarily the process of materials flow (collection, transportation, recycling, disposal, etc.) and the regulations that facilitate waste policy implementation;
- (iii) Sustainability planning to evaluate both internal and external actors on the waste management process (fig. 1).

The goal of the ISWM model is therefore to support the government, its planning officials and various stakeholders in the waste management sector to achieve

<sup>11</sup> United Nations. URL: <https://www.un.org/development/desa/en/news/population/2018-revision-of-world-urbanization-prospects.html> (accessed: 09 June, 2020).

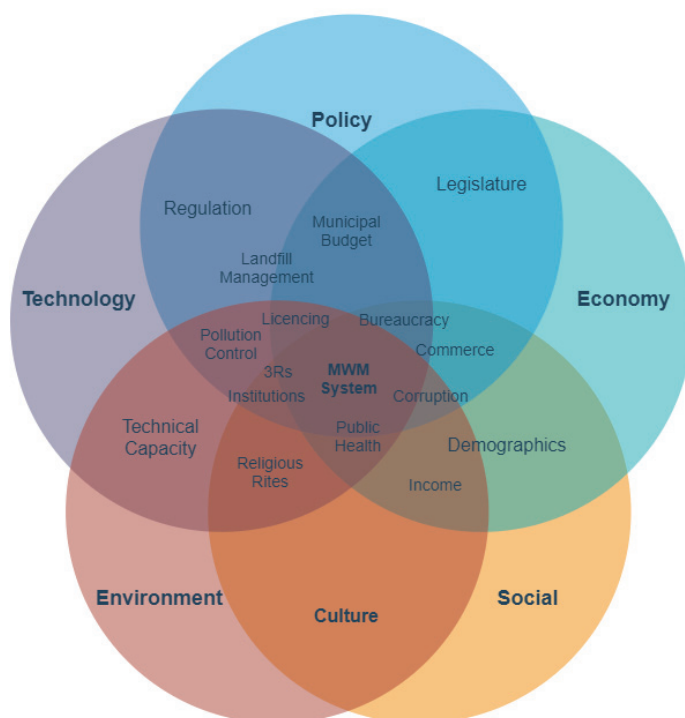


administrative coherency and attain economic and environmental sustainability in waste resource recovery (Klunert & Anschutz, 2001; UN-Habitat, 2010). The ISWM model is mostly applied within the New Public Management (NPM) sphere as a tool for integrated development. It has been tested and validated in over 50 cities and is therefore ideal for cities planning to improve their waste management systems. In this case it is proposed for 'Moscow' despite the rigidity of the current system which, true to Webers constructivism theory, may not really allow such integration.

The current quasi-market process is designed for greater efficiency and depends largely on the local self government (Okrugs) being adequately informed and thereby providing the best (rational) choice for their communities. However, waste contractors (regional operators) are regulated directly by the federal government and due to administrative hierarchy they have easier access to the upper echelons of government compared to other stakeholders within the network. They are therefore given priority of choice and the waste system is gradually being modelled by processes that ensure their efficiency (e.g. tendering procedures, waste disposal/treatment processes and the tariff system). This situation therefore opens up possible avenues for corruption and overpriced services, a case of the principal agent theory whereby the incentives of the regional operators and those of the citizenry are greatly misaligned.

Although having minimal effect and most often used as a public relations tool, collaborative governance (Ansell and Gash) between municipalities has helped in developing an avenue for civic engagement through inter-municipal cooperation. The various agreements signed have been instrumental in improving infrastructure and planning towards a more sustainable waste management future.

**Figure 1: Internal and External Actors in Municipal Waste Management**



Russia has been on a path towards the reform of its waste management sector for over two decades. This process has been gradual due to administrative bureaucracy/politics and has mostly involved the promulgation of new or amended legislature (Safonov et al., 2013). The country does not have a culture of sorting waste and not much recycling has been done since the 1980's (Shmelev, 2019). Therefore, most of the recent traction in the waste reform process starting in 2016/2017 seems to have been triggered by massive public scrutiny based on community concerns over public health and environmental hazards. Some studies conducted by Russian researchers reveal that performance challenges in Moscow's waste administration is attributed to the misfit of organizational management processes; specifically the disconnected system of operations within a highly centralized and bureaucratic government system, poor regulatory oversight, ambiguous tariff system and the absence of a unified database and incentives for recycling (IFC, 2015; Kulbachevski, 2018; Votyakova, 2018).

## Zero Waste Cities

The term "Zero Waste" has gained increased popularity in recent years. It has been used repeatedly in various contexts to define varied policies on waste management. Although no clear definition exists on the term, the general premise is tied to the theory of a *Circular Economy* whereby waste is treated as a resource, and the waste management system facilitates an inter-connected "closed-loop" system approach via which waste is significantly reduced or re-used (Bartl, 2014). This is a novel *New Public Management* integrated system approach which rejects the traditional industrial model of waste management (Curran & Williams, 2012). Therefore, the municipalities that apply such novel integrated systems with considerable success have been termed "zero waste cities". Only a handful of such cities exist globally today and serve as a model to other municipalities on the cusp of overhauling their waste management system. San Francisco and Seoul stand as premier examples of sustainability and efficient waste management within different geographic zones and socio-cultural influences.

San Francisco started implementing a compulsory recycling and composting system back in 2009 and within a decade has been successful in diverting over eighty percent of landfill waste<sup>12</sup>. Seoul began implementing its sorting and recycling process much earlier in 2005 and now successfully diverts ninety five percent of organic waste from landfills and further recycles about seventy percent of solid waste. Seoul has also banned the use of plastic bags and now implements a colour coded biodegradable waste bag which helps in sorting and collection processes<sup>13</sup>. Both cities have significantly reduced their landfill ratio and found ingenious ways to manage organic waste. The study further benchmarks Moscow against these cities to evaluate which waste management system could be better adapted based on economic, socio-cultural and socio-political indicators.

<sup>12</sup> URL: <https://www.cnn.com/2018/07/13/how-san-francisco-became-a-global-leader-in-waste-management.html> (accessed: 08 June, 2020).

<sup>13</sup> URL: [https://seoulsolution.kr/sites/default/files/policy/2%EA%B6%8C\\_10\\_Environment\\_Municipal%20Solid%20Waste%20Management.pdf](https://seoulsolution.kr/sites/default/files/policy/2%EA%B6%8C_10_Environment_Municipal%20Solid%20Waste%20Management.pdf) (accessed: 11 June, 2020).

## Methodology

This study applies the ISWM methodology and benchmark performance indicators to evaluate the current system of solid waste management in Moscow. This study looks at key data based on “wasteaware” benchmark performance indicators (Wilson et al., 2015) and compares Moscow with two leading zero waste cities – “Seoul” and “San Francisco”. The benchmarking system is carried out through a multiple-indicator approach (Barabashev, Makarov & Makarov, 2019) systematically providing a holistic summary of each city’s waste sector based on the principles of efficiency, effectiveness, equity, fairness and sustainability. Data collected through this approach was subdivided into three segments: city background information and key waste related data, physical components (tab. 1) and governance components (inclusivity, financial sustainability, sound institutions and proactive policies). Quantitative performance indicators were numerically represented as figures or percentages while qualitative performance indicators were based on subjective inferences from interviews, public opinion polls and other global benchmark indices which were assigned a composite score of High  $\geq 71\%$ ; Medium/High 60–70%; Medium: 35–60% or Low  $\leq 33\%$  (Wilson et al., 2015).

Table 1

### ISWM Quantitative Performance Indicators

Drivers	Physical Component	Performance Indicators
Public Health	Collection	1. Collection Coverage
Environmental Protection	Treatment & Disposal	2. Controlled Disposal
Resource Value	3Rs: Reduce, Reuse & Recycle	3. Recycling Rate*
	<b>Governance Component</b>	
Stakeholder Relations	Inclusivity	4. User Inclusivity
		5. Provider Inclusivity
Budgetary Allocation	Financial Sustainability	6. Financial Sustainability
SWM Policy Framework	Sound Institutions & Proactive Policies	7. Adequacy of National SWM Framework
		8. Local Institutional Coherence

\* Including processing and recycling of organics

**Source:** Adapted from Wilson et al (2015).

## Moscow’s Environmental Legislative Reform

A number of studies have identified performance challenges associated with the implementation of public policy in administrative action. This is often evident in the divergence of government policies from market economy and more so in the waste sector. Waste management in Russia has been quite structured since the soviet times

and waste collection systems were for the most part based on a centralised administrative system. Recycling rates were also high due to the reprocessing of waste materials towards raw feed utilization in industries – in a sense the circular economy theory was actively implemented (Sim et al., 2013). Urban centres were usually designed with full utility considerations and tariffs clearly stated. Moscow's urban design of high-rise multi-apartment blocks facilitated easy collection of mixed household waste through inbuilt conduit pipes consequently evacuated and finally incinerated or buried in designated landfills. This structured centralized system collapsed after the economic downturn of the early 1990's while industrial recycling also took a downward spiral as most manufacturing plants and factories were shut down and ecological concerns rescinded priority in the public sphere due to the pressing economic depression and socio-political "Perestroika" of the period (Pierce, 1993; Hunsicker et al., 1996).

Russia has since been in a period of continuous economic and legislative reform and the government continues to enact and modify policies in a bid to address the growing challenges of waste management (Kovalenko & Kovalenko, 2018). Nonetheless evidence of a weakened municipal waste management system is still largely evident through the high rate of land-filling, unstructured tariff policy and under developed recycling models (Skryhan et al., 2018). For over two decades the Russian government has been leading efforts towards the control and regulation of waste disposal but this has been done predominantly within the vestiges of the traditional waste management system. On June 24, 1998 Russia promulgated the Federal Law N 89-FZ<sup>14</sup> on "Production and Consumption Wastes". The legislature established the policy for waste management including procedures for accounting, reporting and general administration. The law also contains vendor engagement procedures; it states that regional operators be selected through a tender process; once engaged, the vendor (regional operator) should comply with the okrug's garbage collection program. In reality this "collection program" is largely structured by the regional operator depending on their fleet volume and capacity. The local self-government of the "okrug" then helps facilitate the household/community collection system. While waste management tariffs are determined by the local authorities, the process of determining the actual cost is largely dependent on the annual fee paid to the regional operator.

Policies were enacted following the traditional bureaucratic system of governance using a top-down approach. This created serious performance challenges leading to a bureaucratic market system within the waste sector. This was largely evident through the enactment of Federal Law N 458-FZ<sup>15</sup> of December 29, 2014 which imposed significant waste management obligations on manufacturers and importers. This law was enacted to encourage reprocessing by manufacturers which would reduce the volume of waste generated and sent to landfills. It was also aimed at propelling the modernization of technology in waste disposal systems. Unfortunately many manufacturers and importers still face multiple performance challenges such as incompatible waste classification systems, inconsistency in legal and regula-

<sup>14</sup> Federal Law N 83-FZ. URL: <https://www.mos.ru/eco/documents/control-activity/view/62921220/> (accessed: 09 June, 2020).

<sup>15</sup> Federal Law N 458-FZ amending Federal Law N 89-FZ. URL: <http://extwprlegs1.fao.org/docs/pdf/rus140443.pdf> (accessed: 09 June, 2020).

tory frameworks, poor accounting and a defunct reporting system for waste packaging (UNIDO, 2017; AmCham, 2016, 2017). Definitions were gradually amended, and processes better aligned with EU/OECD standards. Also, in 2016 the classification of “*Municipal Solid Waste*” (MSW) was subdivided into “*municipal solid waste*” and “*municipal communal waste*” (meaning neighbourhood or household waste). This was done to facilitate a more efficient waste collection network system.

In 2017 the Federal Service for the Supervision of Natural Resources (Rosprirodnadzor) released Special Order N 242 on the “*Federal classification catalogue of waste*”<sup>16</sup>. This legislature expanded the definitions as contained in Order N 786 of December 02, 2002 and the “*Amendment to the Federal Waste Classification Catalogue*” as contained in Order N 663 of July 30, 2003. This policy came into effect in 2018 and not only defined and classified the type of waste but also specified the type of companies that could handle the collection and disposal of such waste. The classification system, however, has its drawbacks as not many understand this new categorization system or how exactly it would facilitate final reuse or recycling of waste products<sup>17</sup>. Further amendments have been made to the catalogue, the most recent being November 02, 2018 N 451 (Russian Federation, 2018).

New technologies have been introduced to support policy regulation and the Russian government has recently approved the creation of a federal waste management scheme. Waste collection companies are required by government decree N 641 of August 25, 2008 and N 1156 of November 12, 2016 to equip garbage trucks with GLONASS<sup>18</sup> monitoring. From January 01, 2018 all waste collection vehicles are expected to be equipped with the GLONASS satellite navigation system and monitoring devices to curtail indiscriminate dumping and prevent the emergence of new unauthorized landfills. Furthermore, Federal Law N 225-FZ<sup>19</sup> (June 26, 2019) approves the creation of a unified state information system for waste management administration under the “*National Ecology Project*”. Although this law was specifically enacted for Rosatom<sup>20</sup> and the safe disposal of class I and II hazardous waste, it also contains a clause approving the establishment of an integrated waste management system, utilizing the Geographic Information System (GIS) for MSW. This system will be developed to provide uniform administrative oversight for the various facilities involved with processing, recycling and treatment of MSW. The proposed GIS system will be managed by the Ministry of Natural Resources and will also provide information on vendor contracts, tariffs and related stakeholder information. It should be mentioned, however, that innovation in the governance system comes with its inherent risks and increased costs for the government and citizenry (Barabashev & Klimenko, 2017). Also, despite the overwhelming legislative effort to streamline waste management, the implementation of general policy provisions is still largely inadequate (Kovalenko & Kovalenko, 2018).

<sup>16</sup> Federal Law N 242. URL: <http://publication.pravo.gov.ru/Document/View/0001201706130004> (accessed: 09 June, 2020).

<sup>17</sup> Dumnov et. al. (2016).

<sup>18</sup> GLONASSG stands for Globalnaya Navigazionnaya Sputnikovaya Sistema, or Global Navigation Satellite System. Russia's Global Positioning System (GPS)

<sup>19</sup> Federal Law N 225. URL: <https://www.garant.ru/products/ipo/prime/doc/72232550/> (accessed: 09 June, 2020).

<sup>20</sup> Rosatom. URL: <https://www.rosatom.ru/> (accessed: 09 June, 2020).

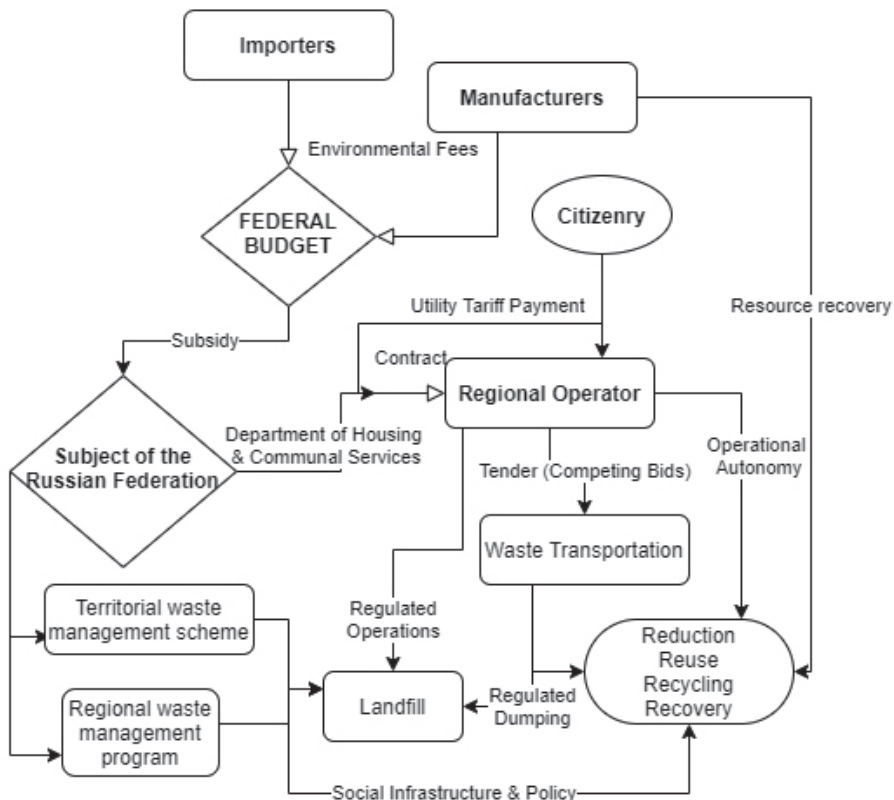


## Administration of Household Waste in Moscow

The Ministry of Natural Resources and Environment of the Russian Federation (Minprirody) currently oversees waste management in the country and is responsible for the enactment, implementation and regulation of environmental policy<sup>21</sup>. The Ministry supervises and coordinates the activities of a number of agencies under its jurisdiction including the Federal Agency for Subsoil Resources Management<sup>22</sup>. All international ecology or environmental partnerships and contracts are also supervised by the Ministry either directly or through its subordinate organisations located in various regions, okrugs (districts or subdivision of state administration) and raions. Moscow comprises 12 okrugs and 123 raions.

Waste management administration in Moscow follows a centralized network system in budgetary allocations and a decentralized system in collection, treatment and disposal of waste. This two tier model results in a complex operational scheme which vests excessive powers on the State and the Vendor (Regional Operator). The local governments and other stakeholders are therefore limited in authority and gradually have to adapt to the policies of the vendor (regional operator). Figure 2 below provides a schematic representation of the current system in place.

**Figure 2: Municipal Waste Management Scheme – Moscow, Russia**



<sup>21</sup> Federal Ministry of Natural resources and Environment: <http://www.mnr.gov.ru/en/>

<sup>22</sup> Federal Subsoil Resources Management Agency: <http://194.87.255.243/english/fsrma.php>



The Russian Federal Law of December 25, 2018 N 483-FZ<sup>23</sup> promulgated that the cost of services for the collection, removal and disposal of garbage be excluded from facility management fees. These fees, starting from January 01, 2019, became a separate utility bill for the general citizenry. The average cost of services throughout the country is between 100–150 Rubles/month per individual and depends largely on the size of living space and where such waste is generated. The cities of Moscow, St. Petersburg and Sevastopol, however, have been accorded some leeway in varying the implementation of this statute (until 2023); basically until they agree on a transition plan with the ministry of Natural Resources and select a regional operator<sup>24</sup>. Payment is therefore either made directly to the regional operator in the case of a direct contract with the residents, or through the facility management agency Department of housing and communal services (DHCS) if the contract was brokered between the agency and regional operator<sup>25</sup>. The waste tariff is determined by the formula below:

$$C_T = S \times T \times (N_1 + N_2)$$

- $C_T$  being the cost of removal of municipal solid waste and bulky waste (per year);
- $S$  is the area of the apartment or building;
- $T$  is the approved tariff according to the cluster;
- $N_1$  is the accumulation of municipal solid waste &  $N_2$  is the accumulation of bulky waste.

Subsidies are provided for citizens under social welfare (e.g. veterans, pensioners, households with many children, citizens over 80 years, etc.) and they are reimbursed between 30%–100% of all costs.

Moscow is yet to adopt this tariff system and payments are currently made alongside general facility management fees to the DHCS, which poses challenges for the operators since their contracts are based on waste collection not treatment or processing of waste. There is also an unfair appraisal system since the Moscow Oblast is already operating the new tariff and sorting system while Moscow city continues to send unsorted waste to its landfills. This system has also encouraged indiscriminate waste disposal leading to unofficial waste dumps in the Moscow Oblast as operators seek to reduce transportation costs to landfills located far away from the city. The new tariff system also has its performance challenges since each region determines their own tariff rate based on agreements with operators. Many believe this process will open the doors to corruption and unfair practices.

Separate collection of waste (at-source sorting) in Moscow was launched in January 2020<sup>26</sup> marking the first stage of the city's recycling project. The city's DHCS is expected to equip each housing block and social facility with separate colour coded collection bins (*blue* for recyclables, *grey* for mixed waste). Collection vehicles have also been labelled based on the type of waste they transport. The new

<sup>23</sup> The President's Official Website. URL: <http://kremlin.ru/acts/bank/42713> (accessed: 09 June, 2020).

<sup>24</sup> Parliament Gazette. URL: <https://www.pnp.ru/law/2018/12/25/federalnyy-zakon-483-fz.html> (accessed: 09 June, 2020).

<sup>25</sup> URL: <https://yakapitalist.ru/finansy/vyvoz-musora> (accessed: 09 June, 2020).

<sup>26</sup> Moscow Mayor Official Website. URL: <https://www.mos.ru/mayor/themes/5299/5732050/> (accessed: 09 June, 2020).

waste management scheme under the *National Ecology Project* seems to imbibe NPM values and is currently focused on these core functions:

- (i) Finalization and approval of MSW management contracts and fiscal operational proposals;
- (ii) Formation and structure of waste disposal infrastructure: The establishment of various collection points throughout the city to include the procurement and installation of new separate colour coded sorting bins. This task will also include the revamp of data management and monitoring functions such that
  - (a) all collection points are systematically monitored
  - (b) waste vehicles are properly labelled and fitted with GPS systems to prevent indiscriminate waste dumping
  - (c) transport routes and time schedules are properly structured and
  - (d) the entire waste cycle is objectively evaluated for the best-fit control system;
- (iii) Public sensitization, especially on the newly proposed separate waste collection system;
- (iv) Development and support of existing pilot projects that promote at-source sorting of waste.

However, following the COVID-19 pandemic, this program has been largely stunted and household waste to a large extent remains unsorted with collection systems unified to deal with the increased volume of waste owing to the National “stay-home” order. The inbuilt waste conduit system has seen renewed usage during this period of social distancing creating even more pressure on DHCS employees to work over-time and apply novel sanitization processes for all common areas in city apartment blocks.

## Stakeholders in Waste Collection and Treatment

There are currently five major regional operators that have been licensed for waste collection and disposal in the city, each of these companies cover an average of two okrugs each (approximately 2.5 million inhabitants). These companies obtained their licences through a public bidding process conducted by the mayor's office. However, some okrugs were unable to conclude on the bidding process and now have separate annual contracts with their pre-selected regional operators. Currently, payments to regional operators are facilitated by the okrug's DHCS but the exact figures are not publicly available. These operators hire sub-contractors to support their activities and hold partnership agreements with sorting and recycling facilities. According to government reports, it is estimated that their involvement in the recycling process will reduce landfill waste by 40–50% in the near future<sup>27</sup>.

According to a recent report by the Mayor's office on the *Territorial Scheme for Waste Management in Moscow*<sup>28</sup> (2019), future stages of the recycling project will involve a more coordinated recycling chain which is projected to involve the processing and utilization of about 83 million tons of waste between 2020 and 2029.

<sup>27</sup> Russian Gazette. URL: <https://rg.ru/2019/08/08/v-moskve-poiavitsia-edinyj-operator-po-sboru-i-vyvozu-musora.html> (accessed: 09 June, 2020).

<sup>28</sup> Moscow Mayor Official Website. URL: [https://www.mos.ru/upload/documents/files/1934/1\\_Proektdokymenta.pdf](https://www.mos.ru/upload/documents/files/1934/1_Proektdokymenta.pdf) (accessed: 09 June, 2020).

Projections also show the volume of waste in the city growing from 8 million tons/annum in 2020 to around 8.5 million tons/annum by 2029. There are currently 81 companies altogether that have been approved for recycled waste processing (paper, metal, glass, electronics and plastic) within Moscow city (31 companies) and the Moscow region (50 companies).

Plans are already under-way to have one central regional operator for waste management by 2022. This company will be responsible for coordinating uniform waste management oversights across the board and it is believed that having one private sector company overseeing this sector will bring about better transparency within a centralized network and provide data that will enable the government to establish better environmental policy reforms<sup>29</sup> and resource planning. The central regional operator is expected to cap tariffs at 5,133 rubles (VAT inclusive) per ton and this tariff is projected to grow to 5,540 rubles by 2029. However it is unclear if such a move within the quasi-market process will ultimately lead to a monopoly within the sector and further cripple technological advancement at the local level. Considering that this company will ultimately have the authority to decide the waste management strategy (what materials to process or incinerate and establish the pricing for recyclable by-products) for the entire region as well as provide operational oversight and vetting rights for engaging other waste management companies and operational stakeholders, it may end up being another bureaucratic bottleneck in the waste management sector if free market forces are hindered or if regulatory oversight is not fully implemented.

## Community Participation

At the time of writing this paper, no official social schemes were discovered that offered payment for collected volumes of waste. Hence, while waste collection centres are being positioned city-wide, no recompense or incentives are provided to the inhabitants for the return of plastic, aluminium or paper waste. Recycling programs that offered some form of incentive for waste collection were projects by the private sector and most often NGOs. The only official program discovered was a short project held between August and September 2019, titled *Art for Ecology*<sup>30</sup>. This program provided tickets to cultural events in exchange for either two kilograms of plastic, glass and paper or one kilogram of aluminium. The project was promoted by the city's urban planning office and the Department of Natural Resources and Environmental Protection in partnership with private sector companies.

A few surveys have been conducted since the promulgation of the waste sorting policy was announced in order to assess the willingness of Moscow inhabitants to sort waste in their homes. A review of two such surveys depict quite varied responses, as shown in Table 2. The private sector survey was conducted by a real estate analytics company Domofond and its survey depicted around 65.2% of Moscow residents unwilling to sort waste. The Domofond survey was conducted in October 2019 throughout Russia and involved about ninety thousand respondents. In Mos-

<sup>29</sup> RBC News. URL: <https://www.rbc.ru/trends/green/5d66940a9a79475b4d71346e> (accessed: 09 June, 2020).

<sup>30</sup> Art for Ecology. URL: <http://artecolog.ru/> (accessed: 09 June, 2020).

cow, however, they had about 9,135 respondents with only about 29% willing to sort waste. Meanwhile the public electronic voting site 'Active Citizen' hosted by the Mayor's office conducted a poll in November 2019 which had 197,917 respondents with 69% responding in the affirmative as willing to sort waste. Given that the city population exceeds 12 million<sup>31</sup>, such variances are possible considering the margin of error associated with respondent size, date of survey, method of survey and other social influencing factors that may have occurred within the period.

Table 2

### Mass survey on waste sorting in Moscow

Organisation	Date	Total Number of Respondents/ % of population		Willing to sort waste, %	Not willing to sort waste, %	Undecided, %
Domofond.ru* (Private)	October 2019	9,135	0.07	29.4	65.2	5.4
Active Citizen** (Government)	November 2019	197,917	1.58	69	8	23

\* Domofond.ru is a private real estate analytical company (in Russian). URL: [https://www.domofond.ru/statya/72\\_rossiyan\\_ne\\_gotovy\\_razdelyat\\_domashniy\\_musor/100379](https://www.domofond.ru/statya/72_rossiyan_ne_gotovy_razdelyat_domashniy_musor/100379) (accessed: 09 June, 2020).

\*\* Active Citizen is a government project that provides a platform for electronic voting on various issue of urban development in the city (in Russian). URL: <https://ag.mos.ru/poll/6508> (accessed: 09 June, 2020).

Generally though it is felt that the youth are more active in adapting to new policy changes as schools and universities promote an eco-friendly environment, while the older generation, especially pensioners, find it inconvenient as they now have to make extra budgetary allowances to accommodate rising tariffs by regional operators<sup>32</sup> and the purchase of garbage bags which cost an average of \$1.25 for a roll of 10 disposable bags.

## Inter-Municipal Cooperation between Moscow City & Moscow Oblast

Multiple communities in the Moscow Oblast are dissatisfied with the current state of affairs regarding waste management in their territories. More importantly, they feel a sense of social injustice as the metropolis continues to transport the bulk of its solid waste to their landfills which are already overfilled (Vershina & Martynenko, 2019).

The government of Moscow, however, maintains cordial partnership dealings with the government of the Moscow Oblast and in the sphere of waste management they have a signed inter-municipal cooperation agreement which has been in effect since October 25, 2016. Although subsequently amended in 2019 (N 1 77-1109-1)<sup>33</sup> this agreement generally allows free access and passage in transporting waste from Moscow city to the various landfills in the Moscow region.

<sup>31</sup> Moscow Population 2019. URL: <https://populationstat.com/russia/moscow> (accessed: 09 June, 2020).

<sup>32</sup> Almost twice the amount previously paid from an average of \$30–40/yr to \$75–80/yr for a 50m2 apartment.

<sup>33</sup> Updated. URL: <https://mosreg.ru/download/document/1027870> (accessed: 09 June, 2020).

Numerous protests were held between 2017 and 2018 in a bid to stop the transportation of waste from the capital to the region. According to the Civic Chamber of the Russian Federation (2018), over 36,000 residents in the Moscow Region participated in public environmental protests between March 2017 and April 2018 citing the increased degradation to their health and surrounding environment. The most active environmental protests were held in the Archangelsk<sup>34</sup>, Tambov<sup>35</sup>, Yaroslavl<sup>36</sup> and Tver<sup>37</sup> regions, however, by the end of 2019 other regions had also staged protests over waste dumping in their communities and set-up civic groups to boycott government plans to establish waste treatment plants<sup>38</sup> in their communities.

As a result of growing public dissent, the amended cooperation agreement now includes data management and budgetary allocations from Moscow city to the region for the establishment of new waste processing plants (Rub 13.5 Billion in 2019) and administrative operations (Rub 25 Billion 2019–2021). The updated agreement also contains an addendum on the proposed volume of waste to be processed by the region from 2019 to 2029 which is now estimated to range between 38.6–49.8 million tons. This agreement thereby facilitates the construction of four thermal waste processing plants in the Moscow Region, each having an operating capacity of 700,000 tons/yr. Two of these plants are expected to be in operation by October 2021<sup>39</sup> and expected to provide hundreds of new job opportunities.

## City Benchmarking Comparative Analysis

As part of the government's effort to curtail public sentiment with regards to its waste management policies and administrative reform, much effort has gone into designing a territorial recycling plan promoting at-source sorting of waste – a system which has been mirrored off the successful zero-waste programs in San Francisco. Many believe the model adapted is overly ambitious and may be riddled with challenges<sup>40</sup>. The comparative analysis below (tab. 3) depicts quantitative and qualitative performance indicators that help evaluate the current waste management system in Moscow against the system efficiencies of San Francisco and Seoul. The benchmarking process utilizes a multi-indicator approach to provide a holistic evaluation of the waste sector in each of the selected cities.

<sup>34</sup> 27 Deputies from the Archangelskaya oblast oppose landfill construction next to Shies railway station (in Russian). URL: [https://www.znak.com/2018-11-08/27\\_deputatov\\_arhangelskoy\\_oblasti\\_vystupili\\_protiv\\_poligona\\_dlya\\_musora\\_iz\\_stolicy](https://www.znak.com/2018-11-08/27_deputatov_arhangelskoy_oblasti_vystupili_protiv_poligona_dlya_musora_iz_stolicy) (accessed: 09 June, 2020).

<sup>35</sup> Tambov Region protests against landfill (in Russian). URL: <https://www.svoboda.org/a/29671912.html> (accessed: 09 June, 2020).

<sup>36</sup> URL: <https://regnum.ru/news/polit/2795162.html> (accessed: 09 June, 2020).

<sup>37</sup> Anti-waste protests in Tver (in Russian). URL: <https://bellona.ru/2019/09/11/antimusornye-protesty-teper-v-tverskoj-oblasti/> (accessed: 09 June, 2020).

<sup>38</sup> Why ecological protests have become trendy in 2019 and their outcomes (in Russian). URL: <https://7x7-journal.ru/articles/2020/01/01/nachalas-shiesizaciya-obshchestva-pochemu-ekologicheskie-protesty-stalitem-trendom-2019-goda-i-kakim-posledstviyam-oni-privedut> (accessed: 09 June, 2020).

<sup>39</sup> News Archive (in Russian). URL: <https://news.solidwaste.ru/2019/09> (accessed: 09 June, 2020).

<sup>40</sup> Garbage Riot (in Russian). URL: <https://www.svoboda.org/a/29140413.html> (accessed: 09 June, 2020).

Table 3

**Preliminary ISWM on Moscow City**  
*(comparative analysis with San Francisco and Seoul)*

Ref. No.	Category	Performance Indicators	Results (2017–2020)					
Background City Information			Moscow		San Francisco		Seoul	
B1	Country Income Level	World Bank Income Group	Upper Middle Income		High Income		High Income	
		GNI per capita (UNdata 2017)	25,080		61,120		38,830	
B2	City Population	City population (World Population Review 2020)	12,537,954		906,419		9,963,452	
		Urban Population Growth (WBI 2018)	0.20%		0.90%		0.30%	
B3	Waste Generation	MSW generation (Ton/yr)	8,047,508		1,575,500		3,576,879	
Key Waste-related Data								
W1	Waste per capita	Global Waste Index: MSW per capita (kg/yr)	370		609		359	
W2	Composition:							
W2.1	Organic	Food waste	22%		16%		9.40%	
W2.2	Paper	Cardboards/paper	17%		14.35%		41.70%	
W2.3	Plastics	Polymers	13%		2.40%		5.90%	
W2.4	Glass		16%		0.50%		No data	
1	Public Health – Waste Collection	Collection coverage (Moscow City)	Med	High (90%)	Med	High (97%)	Med	High (95%)
1C		Quality of waste collection service	High		High		High	
2	Environmental Control -Waste Treatment and Disposal	Controlled treatment and disposal	Low		High		High	
2E		Quality of environmental protection of waste treatment and disposal	Medium		High		High	
3	3Rs – Reduce, Reuse & Recycling	Recycling Rate	Low (4%)		High (80%)		Med (63.5%)	High
3R		Quality of 3Rs provision	Low		High		High	
4U	User Inclusivity	Degree of User Inclusivity	Low		High		Med	High
4P	Provider Inclusivity	Degree of Provider Inclusivity	Medium		High		High	



Ref. No.	Category	Performance Indicators	Results (2017–2020)				
5F	Financial Sustainability	Financial Sustainability	Medium		High	High	
6N	Sound Institutions	Adequacy of National SWM Framework	Med	High	High	Med	High
6L	Proactive Policies	Degree of Institutional Coherence	Medium		High	High	

**Sources:** URL: <https://datacatalog.worldbank.org/dataset/what-waste-global-database>; <https://sensoneo.com/sensoneo-global-waste-index-2019/>; <https://www.undp.org/content/dam/uspc/docs/USPC%20Policy%20Brief%203.pdf>; [http://www.kgreengrowthpartnership.org/pdf-library/k-note/kn-04\\_solid\\_waste.pdf](http://www.kgreengrowthpartnership.org/pdf-library/k-note/kn-04_solid_waste.pdf); <https://global-recycling.info/archives/3205>

Findings reveal that *public health* ranks quite high in Moscow; this fact has also recently been tested and proven in the handling of the COVID-19 pandemic. However, waste collectors throughout the city are now dealing with epidemiological waste (Class B) both from medical facilities and household collection points. Extremely high volumes of Class B waste are now being treated separately through special decontamination facilities, nonetheless, there is still a high chance that household waste containing the virus will eventually populate landfills<sup>41</sup>.

Provider inclusivity, financial sustainability and proactive policies also ranked above average, in part due to the post-soviet system of social welfare and proactive legislature review. Sustainability indicators are taken quite seriously and have been integrated with the Russian national development index. The data shows a steady improvement in environmental factors over a ten year period to include improved air quality and reduced air and water pollutant emissions; nonetheless waste generation remains a huge problem with insufficient data to support field research (Bobylev et al., 2015). Problems within the system emanate after the waste has been collected – in waste disposal, treatment and recycling as well as the interaction of government with civic institutions and community sensitization. There is an obvious disconnect between government planning, administrative implementation and stakeholder networking. The broken link in the chain depends largely on solving the issue of sustainable waste disposal and treatment.

Nonetheless, the government is taking steps towards filling the gaps in the system and this study provides much needed literature in understanding the municipal waste management system in transition. Further improvement on data collection, central database management and stakeholder consultation would boost system-wide efficiency. The results of the multi-city analysis and general concept of the ISWM model and the benchmark performance indicators could be utilized towards further strategic planning within the sector. Integrating this categorization standard would also assist bilateral cooperation, especially with cities that have already implemented the ISWM evaluation model within their waste system. Lessons can be learned from Seoul and San Francisco to support cost-efficient fiscal planning (see tab. 4) and one can also

<sup>41</sup> URL: <https://www.corona24.news/c/2020/04/28> (accessed: 09 June, 2020).

evaluate the current challenges in these cities to assuage or mitigate against system inadequacies (Won-Seok et al, 2015; Kaza et al., 2018; Zaman & Ahsan, 2019).

Table 4

### MSW similarities with Moscow and current challenges in San Francisco and Seoul

		San Francisco	Seoul
Similarities	Qualitative Performance Indicators	<ul style="list-style-type: none"> <li>– Single regional operator structure</li> <li>– Policy regulation of plastic bags and at-source sorting</li> </ul>	<ul style="list-style-type: none"> <li>– Housing style (Apartments)</li> <li>– Global Cities Index*</li> <li>– Policy regulation of plastic bags and at-source sorting</li> </ul>
	Quantitative Performance Indicators	<ul style="list-style-type: none"> <li>– Utility fees almost at par</li> </ul>	<ul style="list-style-type: none"> <li>– Population</li> <li>– GDP &amp; GNI per capita</li> <li>– Urban Growth Rate</li> <li>– Air Pollution**</li> <li>– GIS System</li> </ul>
Current MSW Challenges		<ul style="list-style-type: none"> <li>– Devaluation of resources</li> <li>– Plastic waste disposal (due to import ban from China)</li> <li>– Increased waste generation</li> <li>– Street Trash</li> </ul>	<ul style="list-style-type: none"> <li>– Devaluation of resources</li> <li>– Plastic waste disposal (due to import ban from China)</li> <li>– Low community buy-in for landfill expansion and new incineration plants</li> <li>– Inadequate waste collection infrastructure (recyclables are picked once a week)</li> <li>– Indiscriminate waste dumping</li> </ul>

\* URL: <https://www.kearney.com/global-cities/2018> (accessed: 09 June, 2020).

\*\* URL: <https://www.numbeo.com/pollution/> (accessed: 09 June, 2020).

## Conclusion

The study reveals that performance challenges identified within the Moscow municipal solid waste management system are primarily triggered by the incompatibility of operating a bureaucratic public administration system alongside a quasi-market waste management model. The hard top-down approach driven by legislative reforms leaves little room for flexibility within the existing waste sector. Although the system advocates for greater efficiency, these excessive regulations and processes slow down project implementation and adaptability to new market trends. This situation also hampers innovation at local levels and minimizes civic engagement. The benchmark performance indicators within the framework of a highly centralized waste management system show closer compatibility with the model employed in Seoul, Korea. Interestingly, Seoul has also dealt with similar public administration challenges as Moscow, such as spatial development concerns and ameliorating public discontent. Therefore, certain aspects of the Moscow waste management system could be improved, for instance, organic waste processing and the biodegradable coloured bag collection system could provide a platform for greater stakeholder interaction and foster multi-level collaborative governance.

The management of MSW systems is generally challenging for most governments and requires a tipping point for the overhaul of stagnant processes as well as the integration of new technologies, market systems and networks. The Russian Federation is at such a point. The government has taken decisive measures to provide the legislative backbone which should streamline the sector towards sustainability, nonetheless, policies alone, without stakeholder buy-in or reculturization, may prove futile. The much applauded recycling systems in San Francisco and Seoul have also been fraught with administrative challenges including public opposition and community protests, nonetheless, these challenges have been managed over time through the active sensitization and network integration of all stakeholders in the waste management system. Since Moscow is just starting its journey into a zero-waste future, it behoves the municipal administration to learn from the challenges faced by other cities in overcoming similar hurdles; this strategy may also support the city to leapfrog in the development of a unique sustainable waste management system.

Nonetheless, considering the conditions of the multi-level hierarchical system of administration in Russia, further in-depth study on the current waste scheme in Moscow would be necessary to fully comprehend the impact of the bureaucratic process, specifically at the local self governance level. Accordingly, this study provides essential background material for future research in this field with a focus on inter-municipal cooperation & municipal recycling. The paper has also presented some foundational basis for a more comprehensive assessment of the ongoing Moscow territorial waste management scheme 2020–2029.

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# MANAGEMENT, COLLABORATION AND NEW PUBLIC GOVERNANCE: A CASE STUDY OF A PUBLIC HOSPITAL IN THAILAND

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## **Abstract**

This study is a typical case study research which explores some factors underpinning multi-level governance in the Thai public health system and examines some variables comprising New Public Governance of public hospital administration. Various qualitative data were investigated, mainly from overseeing officials, former and present executives, and current personnel in Ban-phaeo Hospital (Public Organization) (BHPO), the country's only private-style managed public general hospital. Using the methods of chronologies, explanation building and pattern matching, empirical analyses were conducted. It found that governance in Thai public health-care service delivery had never been totally separated from outside power. This research identifies and elaborates the co-existing governances based on market efficiency and based on stakeholder collaboration in Thai public health administration. Moreover, the unique context of various stakeholders actively participating in managing BHPO empirically supports the proposition that public value management can be applicable and pragmatic for public administration. Therefore, a public general hospital can deliver health services efficiently with sufficient resources and effectively for medical performance when stakeholders are empowered to collaborate in the administration. The results plus the theoretical and practical implications are discussed, and public value management as a paradigm is verified with some refinements. Three activities at organizational level and three social arrangements at policy level are suggested for future practices. Finally, a reform of the Thai public health system governing the administration of public health-care services is urged, with a re-configuration of power arrangements for enhancing stakeholder collaboration.

**Keywords:** new public governance; public value management; stakeholder empowerment; collaborative network; public general hospital; Thai public health system.

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## Introduction

### Theoretical argument

The research is an attempt at lending support to public value management as a pragmatic governance (Wallmeier et. al., 2019). Moore (1995, pp. 21–25; 2013, pp. 7–10) suggested that public organizations recognize and respond to external factors in an environment instead of mainly fulfilling political demands (Moor, 1995, pp. 70–72). Public agencies must strategize their operations into concrete outcomes based on public value so that opportunities can be captured, and threats can be handled accordingly (2013, p. 207–208). Public value streamlines public organizations for the utilization of resources as well as the realization of public interests. Together with a strategic management approach (Boyne & Walker, 2010; Mintzberg, 1983, pp. 260–261; Porter, 1998, pp. 36–38), public value asserts accountability and transparency on public management (Stoker, 2006; Moore, 2013, p. 207–208).

In terms of public governance, various scholars (including Siddiki et. al., 2015; Purdy, 2012; Le Galès, 2011; Peters (b), 2011; Milward & Proven, 2000) contend that multiple stakeholders participate in determining how public resources may be used to fit their benefits. However, Handley and Howell-Morony (2010), and Heinrich and Lynn (2000, pp. 89–100) regard bureaucratic discretion as a way to centralize and facilitate how public resources may be utilized. Fortunately, both sides are quite agreeable on what should comprise public governance. In public governance, there are some types of social co-ordination following webs of shared rules so that certain purposes can be accountable (Peters (a), 2011, pp. 65–73).

Further, Wallmeier et. al. (2019, pp. 488–495) argued that public value management as governance required greater involvement of community stakeholders so that society can achieve efficient, effective and accountable outcomes. Wallmeier et. al. (2019) offered theoretical propositions to refine the relationship between public officials (the governing) and citizens (the governed) with an analytical framework comprising manageability, economization and democratic accountability. Therefore, New Public Governance (NPG) refers to social co-ordination following webs of shared rules so that public value can be accomplished. Public hospital governance consists of multiple power actors at various levels of policy making and implementation of health-care service deliveries. It is particularly complicated in Thailand.

### Context of case study

Public health-care policy and management in Thailand has been centralized by bureaucrats for more than a hundred years since the Ministry of Public Health was first established. There were attempts to decentralize public administration of health-care services from elected representatives. In 1999, the Plan and Process of Decentralization of Public Services to Local Administrative Organization Act, B.E. 2542 (Government of the Kingdom of Thailand, 1999), was enacted into law, but did not

come into effect until ten years later. However, the actual implementation of such a plan regarding public health-care decentralization was belated and ineffective. The study of Jongudomsak and Srisasalux (2012, pp. 351–354) found that the transfer of respective personnel and assets had been completed to only 96 percent at the end of 2011 due to a lack of co-ordination between the ministry and local administrative organizations. In addition, the delay caused duplicated investment in health-care infrastructure. At the same time, Chardchawarn (2010, pp. 15–19) further affirmed that local elected officials and citizens had insufficient powers to mobilize the process. As a result, local people could not initiate any policies and accelerate the implementation of the policies, particularly regarding government resources. Finally, the Universal Health-Care Coverage (UHC) (a.k.a. Baht 30 for all diseases) policy which, since 2002, has separated purchasing function from service provision from all hospitals, centralizes financial resources for all fundamental health-care treatments to the National Health Security Office. Consequently, this limits the fees charged to individual patients. Many public hospitals, particularly in upcountry and rural areas, have operating costs which are higher than their income. Hence, almost all local public hospitals encounter insufficient resources to maintain and to develop medical personnel (Tejativaddhana et al., 2013, pp. 18–34; Taytiwat et al., 2011, pp. 48–52).

Market failures in public health-care services have worsened the situation. High returns in the health service in Bangkok and its vicinity attract more investment from public and private hospitals than upcountry. The investments in health care are mainly in technology for diagnosis and treatment of complicated diseases (tertiary care), instead of primary and secondary care in upcountry areas where higher needs are eminent. Larger public hospitals (i.e. general hospitals with 300 beds and above) in Bangkok, its vicinity and a few larger cities are allocated more funding for tertiary care, medical and support personnel, and technology. As a result, more than 70 percent of medical personnel have been stationed in public hospitals in Bangkok and central regional provinces since 1999. However, the medical personnel in public hospitals had decreased steadily from 1971 to 2009, while those in private hospitals had increased substantially (Office of Policy and Strategic Planning, Ministry of Public Health, 2011, pp. 303–326).

Together with a centralized power structure in bureaucratic institutes, the Thai market-driven health system is embedded with inequality in public policy implementation. Therefore, the governance of the administration of public general hospitals must be thoroughly examined as to whether it can ensure an efficient deployment of a large quantity and high value of public resources and, at the same time, an effective implementation of public health-care policy for all citizens. Therefore, this research aims to answer the questions: (1) How do various stakeholders collaborate in the administration of a general public hospital?; and (2) How does the independently administered general public hospital operate in responsive as well as accountable ways?

The governance of public general hospitals with a medical service capability at secondary (level 2.3) to tertiary care level (Excellent Center) and an in-patient capacity of over 300 beds is significant in order to ensure equally distributed and standardized health-care services for developing countries. Public hospitals of this size require a large amount of continuous investment in advanced technology and medi-

cal expertise and, hence, an extensive influence of political and economic powers. Ban-Phaeo Hospital (Public Organization) (BHPO) is typical in that the endured community involvement in the administration of the hospital provides a unique social setting of new public governance in a centralized public health context in Thailand.

Through the Public Organization Act, B.E. 2542 (1999) and the Establishment of Ban-Phaeo Hospital (Public Organization) Administrative Order, B.E. 2543 (2000), Ban-Phaeo Hospital (Public Organization) was founded. Under the contract for a rescue fund from Asian Development Bank during the financial crisis in 1996–1997, the Thai Government committed to privatizing either a hospital or a university. Back then, Ban-Phaeo Hospital was small in property and resources and therefore had the best chance of success with privatization among many other hospitals (Informants, May and October 2015).

## Literature Review: Performance, Power and Governance

### **Managing medical performance**

Medical performance is not only measured with codes of practice and clinical standards, but also with the operating results from efficient service delivery (Burau & Vranbaek, 2008, pp. 352–354; Lee, 2010, pp. 50–58). From an organization theory perspective, Gourdin and Schepers (2009, pp. 319–324) asserted that organizations and professionals sought to find ways to improve better results by developing certain procedures from information and knowledge. The organization needs to integrate knowledge into management and operations. Moreover, public organizations primarily rely on public resources for their establishment and existence; therefore, public hospitals must create public value.

Burau and Vranbaek (2008, pp. 352–354) emphasized that performance measurement based on professional self-regulation constrained the results of medical practices. In this sense, the expert-based power limits the performance based on market mechanisms which furnish cost-effective results. Kaplan and Porter (2011, pp. 47–54), Lee (2010, pp. 50–58), and Nordgren (2008, pp. 518–521) asserted the same emphasis on maintaining the performance of health-care services delivery with the market-driven mechanism rather than medical standards and regulations.

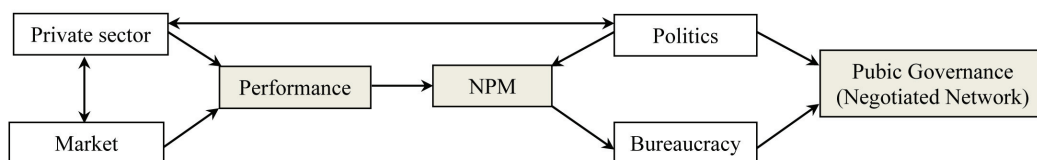
On the other hand, a power context can be affected by external influences which always trigger culture and leadership in organizations (Shein, 2010, p. 18). Shein (2010, p. 91) argued that organizational culture reflected an adaptive relationship of its members to the external environment. In the long run, the internal integration of groups will stabilize the balance of power within and on the outside. When power negotiation continues through learning and information flow, a network-based form of governance can ascertain that all power actors are more adaptive together and hence more flexible (Burau & Vranbaek, 2008, p. 351).

Because the social arrangements for medical performance governance require the result-oriented measurement of service delivery which is financially and managerially subsidized by government, the governance of the medical performance must re-configure the power relationship in favor of the public instead of the private sectors, and similarly for state jurisdiction over the medical profession (Burau & Vranbaek, 2008, pp. 359–364). Further, Burau and Vranbaek contended that

both health-care professionals and public bureaucrats need independent interactions. The professionals require a high standard of expertise while the government must ensure the provision of high quality health-care services for all.

In many countries where New Public Management (NPM) is a dominant approach in the implementation of public policies, the performance of public agencies is measured mainly on efficiency and utilization of resources regardless of who is carrying out the work. The public resources for public projects and operations may be re-allocated to private counterparts. The performance of contracting-out and privatization can be assessed by economically definite deliverables without public accountability. Such managerial approaches hollow out all capabilities and so long-term public value is displaced from the public sector (Bryson et. al. 2014, pp. 451–453; Savoie, 2010, pp. 16–18; Walker et al., 2011, pp. 708–710, 714–715). Moreover, in Lindblom's view (2001, pp. 214–215), the market force was efficient and triggered the balance of power in public organizations away from personal interest and more towards wider interests outside. He contended that market efficiency pressed toward horizontal collaboration rather than hierarchical bureaucracy (2001, pp. 195–197). For these reasons, public hospital governance extends beyond the structural relationship between physicians and patients, and between doctors and executives, to a more complex relationship beyond the organization. The figure below illustrates NPM as a power arrangement in which public hospitals are managed.

**Figure 1: Theoretical framework of Market-driven Governance in Public Hospital Administration**



Knowledge of health-care organizations is conceptualized under a bureaucratic perspective in organizations that focus mainly on administrative efficiency, such as in Preker, Liu, Velenyi and Baris (2007, pp. 1–5) and Morris, Devlin and Parkin (2007, pp. 17–20). With more influence of NPM, public hospitals are observed to achieve market-oriented results. In such a context, the private sector plays more of a role in coordinating, supplying, and contracting with respective public agencies in order to comply with political mandates. With this framework, NPM attempts to take advantage of the external environment but the management prerogative is derived mainly from the power of government and public bureaucracy. As a result, public governance is an economic and political arrangement of the network of negotiated counterparts.

### **New Public Governance of public hospitals**

The medical performance in public hospitals can be affected by many factors and power actors simultaneously. On a public policy level, Morris et al. (2007, pp. 123–127, 147) observed that the market mechanism could mislead health-care



policy making and implementation. In the health-care market, where hospitals do compete freely without efficiency, according to Pareto rules (*ibid.*) the government must intervene. Because health-care service providers decide and invest but the patients cannot choose freely, health-care services require considerable investments so that they can economically operate. Therefore, service organizations purposely influence the market in one way or another (market power). Nonetheless, patients need medical treatment for their illnesses at affordable prices. At the same time, citizens who are not sick can also benefit by default (externalities). Unlike electricity, the production of health-care services is not equally distributed in society. Instead, a hospital can be the sole beneficiary from health-care externalities.

Porter and Teisberg (2006, pp. 312–342) further pointed out that the government must encourage competition for a holistic result of health-care service deliveries among all stakeholders: oversee agencies/bodies, service providers and/or co-producers and service recipients. Actually, medical performance is a result of multi-dimensional governance at all levels in the public health system. Factors from internal and external power actors, whether formal or informal, can be interdependent and exert influence on medical performance (Heinrich & Lynn, 2000, p. 14). Those dimensions comprise of external environment, clientele circumstances, operational or technological process, organizational structure, and a role in managing operational output or outcome of public policy implementation (*ibid.*, pp. 14–17). Moreover, Talbot (2010, pp. 618–623) indicated that health-care service co-producers also have an impact on medical performance.

In this regard, (Mintzberg, 1983, pp. 260–269) contended that organizations can negotiate and even control external circumstances in three advantageous ways: (1) fully understanding stakeholders, (2) strategically influencing them, and (3) forming a strategic alliance with them. An organization must attempt to align with complex and changing environments so as to co-opt for surviving and to keep its purpose of existence intact. Organizational structure and relationship can constrain strategic formulation which defines resources dependencies. To alter such dependencies, organizations can formulate a strategy that re-arranges a structure of alignment with an external changing environment for successful strategy execution (Hrebiniak, 2013, pp. 313–318).

From a network perspective, the power actors in the network find and distribute benefits to all parties in accordance with the organization's strategy; otherwise, the allocation of resources will be appropriated only for a few people with the most power in the network and, hence, they can access the most resources. Purday (2012, pp. 409–411) found that various stakeholders could collaborate in public projects without formal power structures. Still, their mutually agreed policy led to well-acceptable actions. This corresponds to what Donahue and Zeckhauser (2011, pp. 72–77), and Jones (2012, pp. 417–418) proposed in that stakeholders must take part in strategy formulation, implantation, and inspection mechanisms in all public works. In addition, Veronesi and Keasey (2012) asserted that the effectiveness of hospital oversight committees can also be assessed beyond the analysis of the formal structure, individual qualifications, and designated obligations. In Post-NPM, the focus shifts to the collective behavior rather than that of indi-



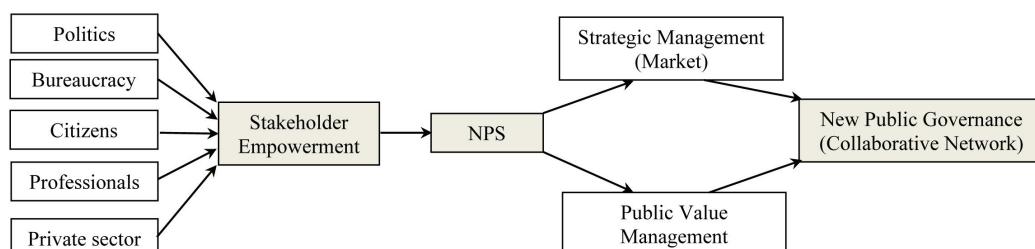
viduals. According to Veronesi and Keasey (2012, pp. 272–274), governance in the form of a semi-private committee allows directors to combine their leadership for an effective oversight of the hospital administration, thanks to interpersonal dynamics and interdependent processes among people.

Therefore, the true public benefits from the efficient execution of public policy do not only derive from actions of the state but they also depend on governance that recognizes the interests of both internal and external stakeholders. Public organizations should, therefore, be an accountable bureaucracy to all those stakeholders (Bidya Bowornwathana, 2013, pp. 137–139; Hood, 1991, pp. 17–20; Peters, 1996, pp. 99–104; Rhodes, 1996, pp. 652–657; Wilson, 1989, pp. 375–378); otherwise, public interests will be jeopardized.

In this regard, Lynn (quoted in Osborne, 2010, pp. 119–123) discovered that the pattern of traditional governance was replaced with the arrangements of networks decentralized in civil institutions. Lynn proposed a new public governance concept (NPG), which can be divided into two approaches: the first one in which a network kept connected to a bureaucratic system and the second concept that is held in just a particular type of network. However, Osborne (as referred to in Osborne, 2010, pp. 8–10), which supports the first NPG concept, explains that NPG must be considered as a theoretical and practical paradigm of public service delivery. NPG acknowledges plural societies that consist of multiple actors who rely on one another in the delivery of public services.

In conclusion, Osborne (2010, p. 9) suggested that NPG comprised concepts from the perspective of open natural systems, which focuses on external environment and institutionalized societies in the implementation of public policy. The allocation of resources is resulted from linkages between various organizations and actors. For this purpose, the relationships of Public Service Organizations (PSOs) are networked with ongoing negotiations and inherent accountability to all stakeholders. Further, Wachhaus (2012, pp. 33–34, 42) proposed that a network within public governance can completely replace the bureaucratic system. He proposed that individual control in the network must be reduced in order not to trigger a new formation of rigid power structure. Therefore, the success of network collaboration is achieved through the development of an information sharing system and the independent communications enhance living as social entities, a form that can replace all types of hierarchy. The second figure depicts the configuration of variables underlying NPG in public hospital administration.

**Figure 2: Theoretical Framework of Stakeholder-derived Governance in Public Hospital Administration**



The concept of power, as in McKee et al. (2008, pp. 24–38), points out the involvement of stakeholders in policy implementation with more emphasis upon public accountability. Public hospitals are aligned strategically to various stakeholders who exert their formal and informal powers in certain collaborative ways within the network. With NPG, New Public Service (NPS) (Denhardt & Denhardt, 2007, pp. 70–71; 2015, pp. 6–11) replaces NPM to ensure the public value can be delivered and sustained.

## Research methodology

### Research design

This research is a typical case study of Ban-Phaeo Hospital (Public Organization) (BHPO). The data were collected mainly from two groups of stakeholders who influence the administration of public general hospitals and their existence (embedded units of analysis), i.e. external and internal stakeholders, with nine and eleven interviewed informants, respectively. Firstly, the external group comprised oversight officials of relevant public-health departments and agencies for policy implementation in public general hospitals. This included administrators and officials in the Ministry of Public Health, in Bangkok Metropolitan Administration, and in three other public general hospitals, one medical college professor, and one authorized medical equipment importer. This group revealed political, economic, and societal contexts affecting the scope of public-health policies, their implementation, and outcomes. And secondly, the internal stakeholders comprised an administrative board member, a former administrator, present administrators, medical and nursing professionals, and technicians in Ban-Phaeo Hospital (Public Organization). Each person has designated power and uses it to control or create influence over the administrative reality in the hospital. Both the external and internal actors are empowered by legitimacy, expertise and information obtained. The interviews were conducted between March 2015 and April 2018 with authorized permissions. Access to these public officials gave way to relevant documentation, records, and experiences. Some official sources of online and public information were thoroughly adopted for preliminary information and gathering supportive evidence.

This study considers the period of public health-care events/actions over more than 15 years since the National Administrative Act, 2534 BE (1991) (Government of the Kingdom of Thailand, 1991, pp. 1–4) was promulgated in the Government Gazette (Book 108, Section 156) and later revised through eight amendments until the current 8<sup>th</sup> version, BE 2553 (2010), which affected changes in many structural and functional dimensions. Because of the development in various periods (Creswell, 2013, p. 99; McNabb, 2008, p. 274) of the organization of public and semi-state organizations in terms of administrative arrangement and legitimate power, it is important to study and understand the consequences in later circumstances and organizational aspects of the past onto present events/actions. Therefore, the study went back ten years before said law was enacted, including a significant change in health-care systems in 2002 when the National Health-Security Act (Universal Health-Care Coverage) came into effect.

This case study research proposes that an arrangement of New Public Governance is practical for effective, efficient and accountable performance in health-care service delivery in Thailand (a critical and typical case sampling) (Auefback & Silver-

stein, 2013, pp. 96–100). Although BHPO is the one and only public general hospital with governance from shared power among various stakeholders, its governance arrangement and performance management can be carefully explored for future reform of the public health-care system in Thailand. Some relevant interviewees, other than BHPO, were purposely approached to contrast administrative and organizational circumstances affecting different criteria of performance measurement which was derived from bureaucratic governance (Auefback & Silverstein, 2013, pp. 62, 96–97).

### **Data collection**

The main method of collecting data was by in-depth interviews. Each interview begins with building rapport with individual informants (Ngamphisat Sangsangu, 2008, pp. 59–61), who were formally approached and made proper appointments. Each interview took 1–3 hours. When some open-ended questions had been answered thoroughly and the data had led to theoretical saturation, the interview ended for that person. (Auefback & Silverstein, 2013, pp. 19–23). Other methods and sources of data collection included focus-interviews within and outside BHPO, official documentation, archival records (i.e. minutes of meeting, purchasing files, etc.), and non-participant observation (amongst its uses, it provides informal linkage to various aspects within the organization).

The initial set of questions for the in-depth interviews were: (1) How do government policies affect the strategy and the scope of medical/nursing/diagnosis works of the hospital?; (2) What factors or who else is involved in planning for investment/technology/services for the hospital?; (3) How do specific local/community circumstances influence the strategy and operations of the hospital?; (4) Who/How are the medical performance determined and evaluated?; (5) How do relationships with the community/with affiliated public hospitals/with the ministry/local politicians/within your working unit affect the hospital administration?; and (6) Who and what process do scrutiny personnel/procurement/HR/medical/nursing works in the hospital? Note that the exact wording and numbers in each interview depended on the roles of and the previous answers from that interviewee.

The initial intents for the focused interviews were set as: (1) Enquire about specific cases in the work-unit and across the organization; (2) Enquire as to whether different professional staff confirm/contrast with others for critical stories or a set of data (e.g. physician vs. nurse, nurse vs. diagnostic chief, administer vs. physician, oversight vs. administer, and vice versa); (3) Enquire about important missing pieces of information (e.g. story, experience, order, decision, etc.) until the complete picture can be drawn; and (4) Enquire about more rival claims/results/impact of particular public policies and/or strategic management.

The above questions had to be supported by at least two pieces of information, whether interview or document or other. The answers are narrated (and translated from Thai language) in story-telling and explanatory manners in English rather than quoting exact verbal translations.

### **Data analysis**

In order to get an explanation of specific characteristics of the situation (themes) in the case study with all levels of organizations and relevant factors in ex-

ternal environment, some particular patterns (causal mechanisms) must be created to describe the social context that occurs in real life (Creswell, 2013, p. 99; Yin, 2009, pp. 136–140). They eventually lead to linking and interpretation of both quantitative and qualitative data to confirm contextualized comparison. (George & Bennett, 2005, pp. 19–21; Yin, 2009, pp. 42–43, 130–135). In this study, methods of analyzing data include chronologies of events, pattern matching within the organization and as compared to other organizations, and explanation building from causal linkages.

### **Ethical considerations**

This study considers the ethics in interacting with key informants in accordance with international standards regarding qualitative research from data collection to the presentation of the research results. (Nisa Chuto, 2008, pp. 260–271; Miles et.al., 2013, pp. 1892–1894; Yin, 2016, pp. 41–47).

## **Findings and analysis**

### **Public hospital governance in Thailand**

The Ministry of Public Health centralizes policy implementation as regulator, provider, and purchaser of health-care services in the kingdom. Firstly, as regulator, the ministry mobilizes and controls various agencies through the Office of Permanent Secretary at the top of the bureaucratic pyramid. The functional departments under the Office include Medical Development, Research and Development, Health Service Support, Directive Enterprises, Public Organizations, Strategic and Planning, and Regional Hospital Administration. The latter two agencies comprise 80 percent of the 2019 fiscal budget of the ministry (Office of Budget of the Parliament, 2017, p. 13). In particular, the Regional Hospital Administration monitors the policy implementation through 12 regional bureaus which supervise all respective hospitals in 76 provinces with the thirteenth bureau as a liaison to Bangkok hospitals. In this sense, the Ministry acts as provider of public health-care services. And finally, as purchaser, the National Health Security Office (NHSO), a directive enterprise under the Ministry of Public Health, expends most medical treatment costs in hospitals, the amount of some 80 percent of the fiscal budget of the health-care system.

Apart from public hospitals under the Ministry of Public Health's Office of Permanent Secretary, there are several other hospitals and medical colleges under other ministries and agencies, for example: 65 hospitals under the Ministry of Defense, 8 under the Ministry of Higher-education, Science, Research and Innovation, 2 under the Ministry of Justice, 1 under the Ministry of Finance, 2 under the Office of the Prime Minister, 10 under the Bangkok Metropolitan Administration, 5 under the Red Cross Society of Thailand, 8 under local provincial administrations and one independent public organization (i.e. Ban-Phaeo Hospital (Public Organization)). Moreover, there are nine government agencies under another five ministries and one independent Office of Auditor General involved for three main authorizations for financial resources, co-purchasing health-care coverage, and professional and service quality development to all public hospitals in Thailand.

It can be observed that public hospital governance in Thailand is obviously complicated with hierarchical multi-faceted institutions of the national public health sys-

tem. Central government agencies, from the Office of the Prime Ministry to various ministries to semi-autonomous agencies (i.e. NHSO and Healthcare Accreditation Institute (HA)), play some jurisdictional roles in public hospitals so that the standard deliveries can be monitored and ensured. But on the other hand, BMA and other local administrative bodies enact their authorities to allocate health-care services more effectively for their respective constituents in response to local needs. Nonetheless, there is another governance co-existing in the system, BHPO, where the local communities can engage in various aspects of the administration of the hospital.

### **Stakeholders and the administration of BHPO**

Ban-Phaeo Hospital (Public Organization) (BHPO) was established as a health-care station for a small municipality of Ban-Phaeo (now an administrative district under Samutsakorn Province, 70 km south-west from Bangkok) in 1965. The original land of about 7,000 square-meters was donated from various plots of lands. The station had been funded and developed into a small hospital of a few beds in 1987. (Informant: October 2015; Ban-Phaeo Hospital (Public Organization), 2013, pp. 10–12).

In 2013, BHPO had more than 90 medical doctors and 30 general physicians for 1,900 out-patients daily (Ban-Phaeo Hospital (Public Organization), 2013, p. 24) with a capacity of 300 beds for overnight treatments. For the service level of similar district hospitals, there are no more than 40 resident doctors under standard headcounts (Butthasi et. al., 2001, p. 30). Moreover, BHPO's medical doctors and certified nurses are highly satisfied with their professional development and more flexible remuneration schemes than other public hospitals (informants: May and October, 2015). BHPO invested, improved, and maximized usage of advanced equipment for better quality service delivery (four informants: April, May and October 2015).

Since its establishment, the operations of BHPO have always involved neighboring communities; giving water purifiers, helping the search for the best cardiogram, etc. During 1991–1995 with helping hands (literally) and the efforts of local farmers, merchants, public officials in other agencies stationed in the area, Buddhist monks, local Rotary clubs and all personnel to promote the hospital services and to recruit more registered patients, BHPO emerged even stronger socially, financially and organizationally (informants: May and October 2015). From then on, the small amounts and value of donations become larger and much more from patients, including those not staying in the Ban-Phaeo District (three informants: May and October 2015). So, it is common to see the Director, doctors, nurses, etc. joining some community and personal events, even until today! An informant said (May 2015), "Some patrons ask our participation in important events, like a funeral in Bangkok, weddings in neighborhoods, Buddhist ordination. Anybody who has no more work will normally go. A Supervisor can be more available. The Director always joins unless he may be engaged in surgery. When tired, he asks deputies or assistants to go. It is our habit. We have never ignored the community".

On the other hand, community involvement in operating decisions has come with no personal trade-off but with common bonds from the past and on-going relationships, one generation to another (informants: May and October 2015). Another informant shared his feelings towards BHPO (May 2015), "We help Ban-Phaeo Hospital because one day it can help one of our family members". The en-



agement became legitimate when the law gave the community three seats on the Administrative Board. Together 10 members of the Administrative Board are officially approved by the Cabinet of Government every 4-year term.

Other advantages from the administrative autonomy are the continuous tenures of leadership of the hospital Director and so the uninterrupted development of health-care delivery. Most directors of public general hospitals, especially stationed in large cities, would be appointed in only the last few years of public service, while waiting for retirement (informants: April and December 2015). But at BHPO since it was re-established in 2000 until the present (2020), there are only two Directors on duties. It was also observed that BHPO had only had three Directors since 1995; the uninterrupted leadership and administration of BHPO strengthens working culture within organization and social bond to the community. Information (May 2015) from a Board Member and two nurses who had served under the two Directors since 1995 confirmed the effectiveness of administration from the strong relationship within the hospital and with local patients.

In 1990, the Social Security system in Thailand became effective for all employees in the country. For a small hospital, it was another new source of large income derived from patients registered through social security. So until 2015, BHPO had grown steadily. In 2002, there was a reform in Thai public-health administration with the Universal Health-Care Coverage scheme (Baht 30 for all diseases). As a small hospital on the outskirts of Bangkok, then BHPO had to be quick to capture these opportunities (three informants: May 2015) and to survive these intervened changes.

### **Performance and public value management**

BHPO tries not to be dependent on only one major source of resources like other public hospitals. The hospital income has been boosted from operations and donations, the growth during ten years between 2004 and 2014 of five times and three times, respectively, with an asset increase of almost four times. In 2014, BHPO received approximately Baht 1,147 million from operations, 225.2 million from the Government, 49.8 million from donations and 58 million from interest and other incomes with assets amounting to 800.7 million (Ban-Phaeo Hospital (Public Organization), 2014, pp. 45–46). The figures increased from 2004 to 213.5 million, 101 million, 17 million and 6.5 million, respectively, with assets of 228 million (Ban-Phaeo Hospital (Public Organization), 2004, pp. 28–29). The operating performance is clearly leveled up because of the improved efficiency and the motivation of the personnel.

Because the succeeding two Directors worked closely with the Administrative Board, all committed old and new personnel have continued developing BHPO further (as the figures previously shown) in various aspects of public value management. (Six informants: April and May 2015). The following three aspects provide some notable examples.

- Health-care operations: (1) Utilization of medical technologies for more accurate diagnosis and treatment regardless of how severe the conditions of the patients are. They try not to have any equipment idle for long. (2) Encouragement of small surgeries, i.e. eye and cataract. (3) Contract-out some high investment and long-queueing services, e.g. complicated blood tests. (4) Bulk purchase of medical supplies. And (5) Mobile outpatient units to other cities and Bangkok. It is aimed



- at both marketing and training efforts. To get more patients who are civil servants working through the country, this can be a new stable source of operating income thanks to public allowances given to very public officials. In addition, the mobile unit provides more low-risk cases for doctors to practice.
- Human Resource Management: (1) Over-time hires of both resident doctors and current nurses, and part-time doctors so that BHPO can serve 24 hours a day. This scheme also retains qualified doctors and nurses. (2) Scholarship for recruiting new nurses. BHPO have a grant scholarship for high-school and advanced vocational school girls for a bachelor's degree in nursing science at colleges. This ensures a sufficient number of specialized nurses for the growth of BHPO. And (3) Training and development conducted between senior doctors and nurses for all junior staff. These are effective for dual purposes of cultural development and career advancement for professional personnel. Observed from the setting, there were young doctors and nurses (below 40) taking up managerial posts at BHPO.
  - Scrutiny and public accountability: (1) Separation of powers in the organization between user and purchaser of assets and equipment. Doctors will use equipment and required specifications while the Executive Committee search for suppliers, negotiate terms, and make purchase decisions. However, Thai public agencies have begun and transformed to adopt electronic procurement systems since 2005. (2) The Internal Audit Process consists of the Office of Internal Control, reporting to the Administrative Board, and the Audit Special Committee, appointed by the Administrative Board. The Office routinely examines accounting practices and financial discrepancies with the result reported only to the Administrative Board. If any fraud is uncovered, the Board will appoint an Audit Special Committee to gather facts and to propose the findings to the Board for final discretion. Apart from financial issues, the Audit Special Committee can be assigned to scrutinize other misconduct of the Director and other Executives. And (3) Constrained executive power of the Director. The position may have an autonomous power in administering all the affairs of the hospital, but it is always checked and balanced by various stakeholders in the Administrative Board.

## Conclusion and Discussion

### Conclusion

The findings support the proposition that public general hospitals can pursue efficient as well as effective performance from governance empowering various stakeholders to independently manage their health-care service. This ensures access to and use of the resources necessary to operate appropriately for changing circumstances. The prime focus on performance as in New Public Management (NPM) hollows out internal capabilities of public organizations and weakens all public scrutiny mechanisms. But in this case study, the administration of a public general hospital can result in prominent performance with important resources. So, it is crucial to limit the influences of the power of the bureaucratic system and to reform the health-care governance to be more inclusive for sustaining resources and accountability. New Public Governance (NPG) requires horizontal relationships and shared information with ac-

countable coordination of capability within the organization and with outside stakeholders. Therefore, the research questions are addressed accordingly as:

(1) Stakeholder empowerment and collaboration

Various stakeholders participate in public policy implementation and performance evaluation for ensuring that the outcomes are in line with their needs in health-care services: higher quality, wider scope of treatments, more accurate testing, and liable nursing cares. Communities have felt BHPO as their 'owned' hospital. The bond between them and the BHPO is typical. The long history of the hospital clarifies the context of BHPO which eventually leads to the configuration of stakeholders participating in overseeing the Administrative Board. With challenges encountered by the hospital several times, the organizational culture of commitment and the public mind has been developed and carried on to succeeding personnel. This public mind, then, links their feelings and working lives to their neighbors. BHPO always has informal and formal connections to local patients living nearby who have been involved in almost all aspects of planning and operating. Therefore, the outcomes of the administration of BHPO have mainly responded to the well-recognized needs of the community. Even when the BHPO grows to serve bigger areas, the sense of social belonging has not vanished from all these stakeholders. Instead, they are even more engaged officially and naturally.

(2) Strategic management and public value management

From this research, the administrators determine strategies for public-health policy implementation in a way that responds to the public as well as sustains the organization. Efficient outcomes alone are not the only requirements in health-care service operations. The patients must get effective diagnosis and treatment to cure them from illness. Speed of treatment, shorter queues and affordable prices must come with precise diagnosis, enthusiastic nursing care, accurate treatment, and medical skills. The administrators of BHPO can balance professional expertise with managerial pragmatism. In addition, they work well with highly skilled personnel, highly demanding clients, and highly bureaucratic officials in order that the organization can exist beyond their tenures without interruptions. These stakeholders are actually the prominent strategic circumstances to account for. With the mixture of stakeholders, the public value can be recognized and put forward for strategy and execution. The administrators of BHPO are able to collaborate with various stakeholders, to agree upon common interests, and ultimately to improve the medical performance. The managerial efficiency from maximized utilization of physical and human resources is then a strong foundation of the extended scope of medical specialization and in countrywide markets. The formation and execution of the strategy of the hospital are a constructive obligation of the administrators and their "team" inside and outside the organization.

## Discussion

NPM focuses on creating results and aims at reducing the size of the resources allocation and so hollowing out capabilities from the public sector. The evidence points to the National Health Security Office (NHSO) being authorized as a sole purchaser of health-care service for the sake of efficiency. And together with the centralized and multifaceted institutions in the Thai public health system, only

large public general hospitals can operate and serve properly, as opposed to local and small hospitals upcountry where needs are not any less (Burau & Vranbaek, 2008, pp. 352–354). People in remote areas have to put more effort into getting to well-equipped hospitals. For these reasons, NPM must be applied with a critical caution not only for external stakeholders providing flexible resources, but also their pressures aligning people in public organization strategically (Mintzberg, 1983, pp. 260–261; Pfeffer & Salancik, 2003, pp. 20–21; Schein, 2010, pp. 18, 91).

In terms of performance, the administration of a public organization that obtains resources with full support and collaboration from contributors of necessary resources shall be strategically adaptive to any health-care situations and re-create extensive service delivery as long as those resources may allow. In more critical issues of governance, it is found that governance in Thai public health-care administration could never be separated from power outside. Instead, collaboration with stakeholders' power can strengthen the delivery of health-care services with sufficient resources in response to ever more complicated diseases for the growing population.

This research confirms that NPG as a collaborative network attached to existing bureaucracies (Kooiman, 2010, pp. 57–61; Osborne, 2010, pp. 7–12; Rhodes, 1996, pp. 652–667) can be more appropriate for governance of public general hospitals. The collaborative NPG maintains power over necessary resources as well as exerts public accountability of the utilization of those resources within the public organization. Through this approach, public administrators can engage all stakeholders to ensure public value. The public value concept acknowledges that necessary resources are crucial to public management and belong to the citizens who have the ultimate power (Bashir, 2012, pp. 90–94; Raven, 2008, pp. 1–4; Selznik, 2011, pp. 53–57) to allocate, control and monitor the use of their resources. Consequently, the performance of public organizations can be derived primarily from the creation of value to benefit the owner of the resources, not for any political value, and not solely for economic value.

### **Theoretical implication**

As a result of this research, a paradigm of public value management as contended by Wallmeier et. al. (2019) can be verified for further refinement as:

(1) Manageability enhanced with Economization: the strategies for public-health policy implementation can be determined in ways that respond to the public (effective) as well as sustain the organization (efficient). The public value in managing health-care service will be created from collaborative actors to overcome the short-term marketized impacts.

(2) Economization enhanced with Democratic Accountability: various stakeholders actively participate in public policy implementation and performance evaluation. There is no longer a dominant power-over relationship in managing the public value of health-care service delivery. Public value mindset in a public organization must be cultivated to endure horizontal connections with all stakeholders.

(3) Manageability enhanced with Democratic Accountability: various stakeholders involved in managing public value in health-care policy implementation. Public value pragmatism must be implanted entirely on strategic planning and execution processes in health-care organizations so that the opportunities of mutual

interdependence of resources and innovative practices of medical expertise can be founded and internalized.

With public value management as a paradigm, Public Administration can be ensured as a unique discipline and a science of effective, efficient and accountable governance for the society we live in.

In addition, the research shows that public management without public service accountability (see Osborne, 2010, pp. 119–123; Denhardt & Denhardt, 2007, pp. 71–74; 2015, pp. 6–11) cannot result in operational effectiveness. Public management aimed at creating public values can replace those errors in the NPM concept and helps to fulfil the practical principles for the ideal of the New Public Service (NPS) concept by asserting participative and accountable governance (Denhardt & Denhardt, 2015, pp. 6–11). The concept of public value (Bozeman, 2007, pp. 215–219; Bryson et al., pp. 451–452; Moore, 1995, pp. 21–25; 2013, pp. 7–10) clarifies the policy implementation in the NPG concept (Klijn, 2008, pp. 510–511; Osborne, 2010, pp. 8–10; Wachhaus, 2012, pp. 33–42) for being accountable to all stakeholders (Bidya Bowornwathana, 2006, pp. 667–669; Hood, 1991, pp. 17–33; Peters, 1996, pp. 99–104; Rhodes, 1996, pp. 652–667; Wilson, 1989, pp. 375–378).

### **Implication for practices**

At an organizational level where public administration is restrained by bureaucratic power, a public service organization must retain its professional authority and capability with efficient and flexible service operations. It is essentially practical to adopt private-style management and market-focused operations in public health-care deliveries. With continuously improved skills of personnel and capabilities of an organization, the activities to scale up the number of clients are then required for sustainable growth in serving more. Along the way to gradual growth, collaborations from various partners are needed. To collaborate, however, needs cultivating public minds among officials in the organization. And more importantly, it must begin with a leader who can engage subordinates and all stakeholders (partners) and who can be tenured for quite an uninterrupted period.

At public policy level, the acquisition of resources must be realized by sharing power between public general hospitals and the owners of resources, without political and procedural interferences to the administration. As such, a scrutiny mechanism participated by the owners of resources must be imposed. At least three social arrangements must be ensured: (1) independent control over key resources to the public organization, (2) channels of active participation from communities, and (3) lateral network configuration from the colligative actions from various stakeholders.

The future reform of the public health system requires a civil society where its citizens are empowered actively to collaborate and to scrutinize the administration of their general hospitals. The success of the Thai Universal Health-care Coverage and the achievement of controlling the COVID-19 pandemic situation in Thailand must not be misrepresented in order to understand that a medical state where power is granted to medical professionals can continue forever. Unless the majority of people can afford health-care services at the right time and of an equal quality, the configuration of the power arrangement of Thai public health system governing the administration of public health-care services must be reformed now.

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# WHAT DRIVES NATIONAL RESEARCH AND DEVELOPMENT PERFORMANCE? – FACTORS IN COMPETITIVE GOVERNMENT FINANCING OF SCIENCE AND TECHNOLOGY<sup>1</sup>

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## **Abstract**

This research mainly explores factors that may contribute to national performance on science and technology research and development (R&D). The 17-year panel data regression analysis on 35 OECD countries and Russia provides evidence to potential causal relationships between value-added of industry and several investment variables. As a proxy variable for research and development performance, value-added of industry indicates a statistically significant positive relationship with business-performed expenditure of government-funding on R&D. It indicates negative relationships with government-performed expenditure of government-funding on R&D and regulatory burdens. The results suggest that national R&D policy should guarantee less regulatory burden and more autonomy of government-funded R&D projects.

**Keywords:** research and development; regulatory burden; public investment; government competitiveness; performance management.

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## Introduction

At the center of technological innovation are significant investments on research and development (R&D). Increasingly aware of the importance of innovation, governments and private industries of developed and developing countries have allocated parts of their budgets to research and development. By spending on research and development, firms expect innovations to result in a productivity increase at the industry level (Griffith et al., 2001). Governments often subsidize innovative activities to further promote research and development (Ko et al., 2015; Song et al., 2009).

The South Korean government in the developing era, for example, realized that economic development based mainly on adopting and imitating developed countries' technology is unsustainable. Thus, it established the Korea Institute of Science and Technology (KIST) in 1966 to invite Korean researchers overseas to promote R&D. Such an attempt was devised to bring the manufacturing-driven Korean economy<sup>2</sup> to the next level. Public investments in research and development have also been accompanied by increasing private investments by firms. In 2018, records show that R&D expenditures accounted for 4.53% of South Korean gross domestic product.

*Table 1*

### **R&D Expenditures as % of GDP, Select OECD countries, Russia and China, 2018**

Select Countries	Share of R & D expenditure in GDP, %
Austria	3.17
Belgium	2.76
Canada	1.56
Czech Republic	1.93
Denmark	3.03
Finland	2.75
France	2.20
Germany	3.13
Greece	1.18
Hungary	1.53
Iceland	2.03
Ireland	1.15
Italy	1.39

<sup>2</sup> The main sources of South Korean economic development included cement, chemicals, automobile, ship-building, and electronics, and modernization of these industries contributed to even more rapid growth of the economy (Im, 2014; Kim, 2008).

Select Countries	Share of R & D expenditure in GDP, %
Japan	3.26
Korea	4.53
Luxembourg	1.21
Mexico	0.31
Netherlands	2.16
Norway	2.07
Poland	1.21
Portugal	1.35
Slovakia	0.84
Spain	1.24
Sweden	3.31
Great Britain	1.71
United States	2.83
China	2.19
Estonia	1.40
Israel	4.94
Romania	0.51
Russia	0.99
Slovenia	1.95
Taiwan	3.46
EU 28 Countries	2.03
OECD Total	2.40
Latvia	0.64
Lithuania	0.88

**Sources:** Research and development expenditure (% of GDP). UNESCO Institute of Statistics.

However, whether research and development expenditures guarantee noticeable accomplishments is questionable. Both supporting and opposing discussions prevail on the effectiveness of such expenditures, and quite a few focus on public sector funding. Government investments are sometimes considered ineffective in terms of research and development capability over different sectors, despite prevailing positive perceptions (Goolsbee, 1998). Some of the literature even claims that government funding on R&D would rather decrease private firms' investments on R&D and cause a decrease in the total amount of R&D activities (Wallsten, 2000). In reality, despite 4.53% of its GDP spent on R&D, South Korea still does not have a Nobel Prize winner in the science and technology sector. While

the size of gross domestic product and other unknown factors may determine the gross expenditure, spending more than 4% of GDP on research and development is rare among OECD countries. While the number of Nobel Prize winners may not be a sole indicator of research and development performance, its small figure juxtaposed with a large amount of expenditure suggests there is a problem.

The main purpose of this paper is to address a factor that may cause effectiveness or ineffectiveness of research and development expenditures at the country level. While much of the existing literature has tried to show positive / negative relationships between public and private R&D spending and R&D performance of individual firms, not many have shown the aggregate effect of R&D expenditures at the national level. Because governments are identified as one of the major sources of R&D funding, it is important to determine how government competitiveness<sup>3</sup> may play a role in assuring research and development performance.

Another question arises from measurement issues. While it is not challenging to identify costs of R&D, benefits from these costs may be represented by various variables. Composite variables such as Gross Domestic Product is a popular measure of a country's economic development, but they are not specific enough to capture the R&D effect. The present paper thus proposes a more specific variable to measure R&D performance and makes it more convenient to perform cross-country comparison. Once performance of R&D expenditures is measurable, a longitudinal cross-country analysis may provide ideas on which factors contribute to higher performance.

This paper thus aims at addressing impacts of public support and obstacles to research and development on science and technology by analyzing the relationship between government expenditure and performance of the industry. The introductory section of the paper will be followed by a multifaceted literature review and a research question. The research will proceed with results and analysis, to be concluded by its contribution to policy-making processes.

## Literature Review

This chapter will introduce potential factors that may affect performances of research and development activities. First, it will begin with discussions on defining and measuring research and development. Then the chapter will analyze previous research on different factors: government expenditure, regulations, intellectual properties (patents) and human capital.

### **Research and Development (R&D)**

Before proceeding to any detailed discussion, it is important to first describe what research and development is. According to OECD, research and development (R&D) is “creative and systematic work undertaken in order to increase the stock of knowledge – including knowledge of humankind, culture and society – and to de-

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<sup>3</sup> Government competitiveness is defined as “the power of government to, in light of various constraints, take resources from in and outside of the country and improve social, economic and cultural conditions of the nation in order to sustainably enhance citizens’ quality of life” (Ho & Im, 2012; Im & Hartley, 2019).



vise new applications of available knowledge” (OECD, 2015, p. 44). The International Accounting Standards Committee (IASC) defines research as a unique planned investigation aimed at obtaining newer knowledges on science and technology; IASC’s definition on development is: application of new research outcomes on materials, production, system or service design before commercial production (Kim et al, 2013, p. 697). Based on OECD (2015)’s typology of research and development, the Korea National Science & Technology Commission (NSTC) and the Korea Institute of Science and Technology Evaluation and Planning (KISTEP) propose further detailed definitions of different classes of research and development activities.

Table 2

**Basic research, applied research,  
and commercial research / experimental development**

	Basic research	Applied research	Commercial research / Experimental development
Definition	Experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any particular application or use in view	Original investigation undertaken in order to acquire new knowledge; directed primarily towards a specific, practical aim or objective	Systematic work, drawing on knowledge gained from research and practical experience and producing additional knowledge, which is directed towards producing new products or processes or to improving existing products or processes
Key features	Mainly based on experiments and observations; individual research	Application of results from basic research; basis of commercial research and production	Development of commercial products; sales matter
Timeline	10+ years	5–10 years	1–5 years

**Source:** Modified from OECD (2015). Frascati Manual 2015: Guidelines for Collecting and Reporting Data on Research and Experimental Development. The Measurement of Scientific, Technological and Innovation Activities, OECD Publishing, Paris and Korea Ministry of Science and ICT & KISTEP (2015, p. 6).

Research and development activities can be further categorized into three types: basic research, applied research, and commercial research. Basic research is essentially an experimental or theoretical work undertaken primarily to acquire new knowledge of underlying foundations of phenomena and observable facts, without any particular application or use in view. Industries and governments have especially emphasized the importance of R&D on basic science. Competitive industries may be achieved by securing original basic technologies, which may be the result of continued research and development activities (Yoon, 2014). These factors may contribute even more in advanced industries including, but not limited to, information and communication industries and medical industries (Yoon, 2014). Therefore, this type of research mainly depends on individual research that focuses on experiments and observations, rather than simply investing in capital (i.e. expanding production lines). The duration of research may differ, but the general expectation is more than 10 years to obtain significant results.

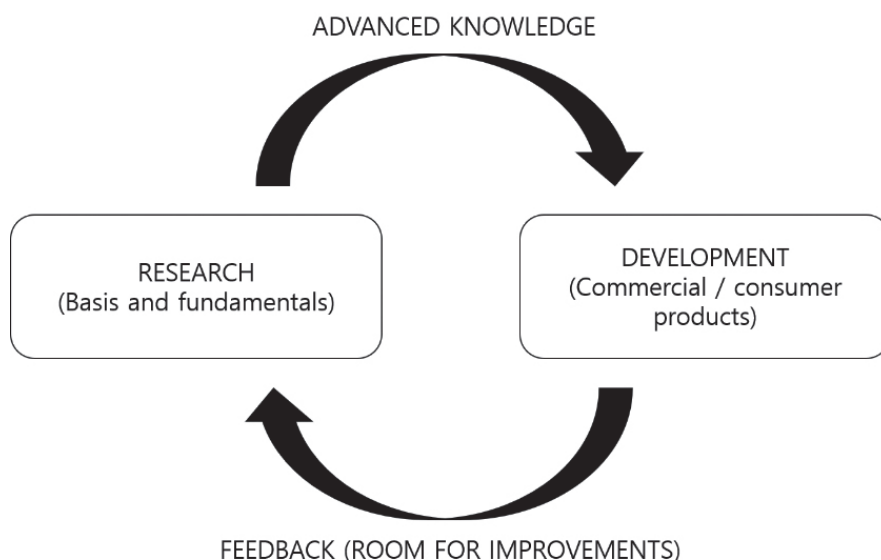
Applied research is defined as an original investigation undertaken, aimed at the acquisition of new knowledge, and usually directed towards a rather specific and practical aim or objective. Applied research often develops on results from basic researches, arousing more practical use as a basis of commercial research and production. It is usually expected to run for 5–10 years, which is shorter than the timeline for basic research.

The last phase of research is commercial research or experimental development. It is a compilation of systematic works, drawing on knowledge gained from research and practical experience and producing additional knowledge, which is directed towards producing new products or processes or to improving existing products and processes. At this stage development of a tangible product comes up, and sales do matter. How customers react to this new product may be a credible measurement of success.

Some authors prefer to primarily differentiate research from development. Im (2015) defines research as “long-term academic research that deals with fundamentals and aims for Nobel Prizes,” while he defines development as producing industrial and commercial products based on research products (Ibid.). In general, research activities of R&D are carried out by universities and government research agencies, while development activities are often conducted by research centers of private firms. Applied research and commercial research from the OECD’s categorization count as development activities.

To rephrase these descriptions, research and development are creative works that are expected to add to sophistication, quality, and practicality of the current set of knowledges. What distinguishes research from development is that the former will be the underlying foundation of the latter, offering advanced knowledge. On the other hand, achievements from development can provide feedback for improvements, requiring further research.

*Figure 1: Research and development*



*Source:* Author’s original image.

### Means of measuring R&D performance

On the other hand, performance of research and development activities is a rather complex indicator that can be measured in multiple ways. Its definition and means of measurement depend on the purpose, scope and depth (complexity) of an individual R&D activity. R&D performances may generally be categorized as: outputs, outcomes, and impacts. Output is “a return to expenditure in a rather direct and preliminary form” (Jang, 2003) including, but not limited to, research papers and patents. Outcome consists of actual benefits a service provider offers to its customers; these benefits may include total sales, market share, cost reduction, et cetera (Jang, 2003). Impact is another measure of research and development activities, and it may be measured by a GDP growth rate, value added of industry and other indices. Kim et al. (2013) defines impact as “originally unintended by researchers but affects human life in general”. These alternatives to measuring R&D performance may lead to arguments over which indicators best represent effects of research and development activities.

A few existing research studies have presented ideas on measurement of R&D performance. According to Lundvall (2010), effective and efficient production-diffusion-application process of economically profitable knowledge is an appropriate measure of domestic innovation. Previous researches have usually measured the ratio of total R&D expenditure to gross domestic product (GDP), but its major drawback is unbalanced emphases on inputs and outputs (greater emphasis on inputs): R&D expenditure may not play the biggest role in the innovation process. Griffith et al. (2001) investigated a causal relationship between TFP (Total Factor Productivity) and OECD's BERD (Business Expenditure on Research and Development) indicator for respective countries. In this research, TFP was a measure of R&D performance. Hall et al. (2010) in a UNU-Merit working paper went through a comprehensive literature review on R&D and discovered social spillover of private R&D activities. These authors insist that output from a conventional productivity equation (output/input) can be measured by total output, total value added, or total sales; however, they argue that the total value added may be the most appropriate measurement of R&D performance (Hall et al, 2010). Total value added is an output of two types of inputs – labor and capital – minus intermediate products produced by other producers; in contrast, total output includes all intermediate goods, and thus is not suitable for inter-firm comparison mainly because of different vertical integration of respective firms.

Accordingly, several researches incorporate total value added as a performance indicator of R&D. Soltmann et al. (2015) constructed a panel data of 12 OECD countries to test causal relationships between industry-specific environment-friendly research and development activities and each country's total value added. Woo (2013) also conducted a panel data analysis on 12 OECD countries to explore the effect of intellectual property rights and patents on industry-level value added.

While there are many researches that propose patents as a key indicator of R&D performance, patents may also be considered as an intermediate product of final products. This is because patents do not necessarily need to be realized in an actual tangible product. The World Intellectual Property Organiza-

tion (WIPO) defines patent as “an exclusive right granted for invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem” (WIPO website, 2018). A patent is just a set of new ideas that may or may not have been put into a final product, yet it gives a legal right to the entity who first filed the patent. Therefore, patents may not fully represent the R&D performance.

There also are a few other researches that assess effectiveness of technological transfer. While technological transfer may not always be part of research and development activities, Bozeman’s (2000) research hints at the measurement of effectiveness of technology transfer. Bozeman assesses effectiveness in terms of transfer’s impact on firms’ sales and profitability, regional economic development, political benefits, opportunity costs of resources, and capacity of scientific and technical human capital (Bozeman, 2000, p. 645). These references suggest that R&D effectiveness or performance may be measured by economic benefits that involve economic development and human capital.

While not every researcher would agree on which measure best represents research and development performance, it is at least reasonable to state that value added is a final economic product of research and development activities. Patent and technology transfer, proposed in some of the literature as an indicator of R&D performance, is rather an intermediate than final product. There may also be other performance indicators that are not economic, such as the number of Nobel Prizes in a country. This paper will emphasize economic aspects of R&D performance that are considered more conventional and available for international comparison.

### **Effects of government investment on R&D performance**

The previous section about measuring R&D performance hinted at a potential involvement of economics of production. A universal and conventional yet simple production function from economics defines the fundamental relationship of inputs and outputs in production of goods and services.

$$Y = A * f(L, K) \quad (1)$$

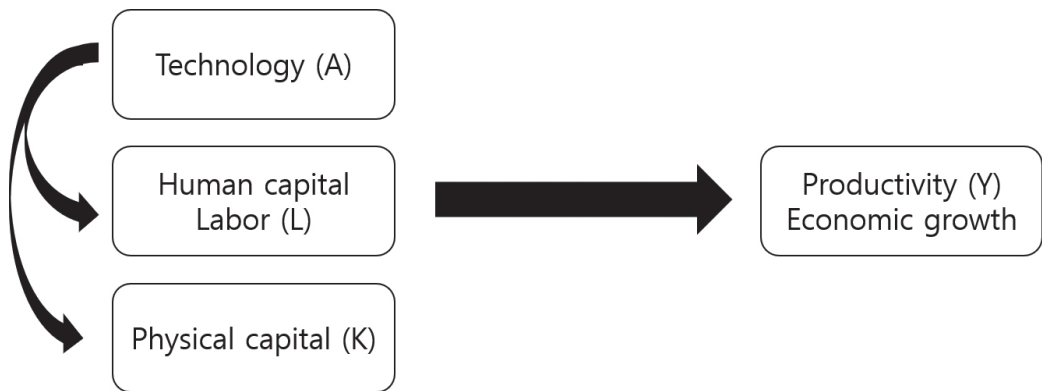
$Y$ , or yield, in the Equation (1) may represent the output of an R&D activity.  $L$  stands for labor, and  $K$  stands for capital; both could be inputs of an R&D activity. Lastly,  $A$  is technology involved in the R&D activity. Most economic theories generally define labor as unskilled labor force, and capital as dollars used for acquiring physical capital (e.g. production facilities). This section reviews the public sector’s role in advancing technology to maximize products out of labor and capital.

Regarding the government’s role as a source of capital investments, a number of academic papers have presented the relationship between public spending and economic growth. In R&D-themed papers, different authors claim that government support instigates a firm’s innovation activities (Yoon, 2006; Guellec & Potterie, 2003; Jung, 2013). Some research concluded that (both private and public) firms’ expenditures on research and development lead to an upward convergence

of productivity at the industry level, through innovation and technology transfer within industry (Griffith et al, 2001). Ko et al. (2015) and Song et al. (2009) found out that governments provide subsidies and tax cuts to private firms in order to promote research and development.

Kim (2006) estimated a causal effect of innovation activities on trades and economic growth. Innovation activities such as investing in research and development improves productivity of respective industries, differentiates products and thereby promotes exports in a skilled labor-intensive high-tech division. On the other hand, Shin (2004) discovered a causal effect of basic research on R&D investments. Specifically, Shin's research shows that the Korean government's expenditure on basic research potentially relates to firms' intentions to invest in research and development.

**Figure 2: Technology, labor, capital and productivity**



**Source:** Author's original image.

However, most of these authors focused on Korean cases, leaving room for international comparison regarding the matter. Moreover, many articles talk about R&D in general rather than pinpoint different sectors (i.e. public sector, private sector and higher education) that may contribute to and perform on R&D investments. A few studies have conducted cross-country comparisons on public R&D expenditure and performance. Cho et al. (2005) analyzed 1970–2004 panel data on OECD countries to explore investment efficiency of numerous inputs toward R&D outputs. In particular, inputs included the ratio of government expenditure in total domestic R&D expenditure, government support for industry-higher education collaboration and commercial application of developments. Cho et al. conclude their research with two findings: there are positive relationships between research and development performance (measured by number of filed patents) and ratio of public R&D expenditure; efficiency improvement under increasing government support to industry-education collaboration and commercial application and densely populated human capital (2005). These evidences highlight the significance of government expenditure, while authors fail to argue for a positive relationship between human capital (and/or knowledge basis) and productivity.

Goolsbee (1998) argues against a popular claim that American public sector investments promote research and development in general. In reality, increases in public R&D expenditures are mainly partitioned as labor force salaries; on the other hand, actual research and development capability turned out to be inelastic to the total amount of government R&D investments (Goolsbee, 1998). This may imply a negative relationship between government-funded R&D investments and a will to do R&D, for both firms and researchers. The author also critiques the nature of the R&D sector that only a narrow span of labor force is eligible for such activities; this is due to the importance of skills and specialty in science and technology research (Goolsbee, 1998). It thus comes as natural for government funds to be allocated to a limited number of people and it may be regulatory.

Wallsten (2000) conducted empirical research on the U.S. Federal Small Business Innovation Research Program. Findings show that the positive relationship between fiscal R&D expenditure dedicated to private sector firms and their additional investments in patents, employment and general R&D activities is statistically insignificant. The study claims that government funds may cause firms to potentially reduce usage of their own funds dedicated to research and development; the total amount of R&D activities may stay the same in the end (Wallsten, 2000, p. 98). Similarly, Mamuneas and Nadiri (1996) showed that public R&D funds do not substitute firm's own R&D funds in R&D-centric industries. In R&D-centric industries, an increase in government R&D funding does not negatively affect firms' research and development; in contrast, industries that put less emphasis on R&D experience reduced R&D activities in the identical condition (Mamuneas & Nadiri, 1996). However, less R&D activities contributed to more efficient production cost-wise.

In addition, some of the previous literature has presented potential positive spillover effects of government R&D funding over business R&D efforts (Levy & Terleckyj, 1983; Hu, 2001). Interestingly, while many research papers have analyzed the effectiveness of public R&D funding and private R&D funding on private sector performance (Archibald & Pereira, 2003), we have not been able to find literature that has compared the public sector and private sector performances when the government provides R&D funding. It would be meaningful to compare effectiveness of government funding on public and private sectors, because governments often operate research and development projects on their own, while still subsidizing and promoting private projects.

Literature reviews on effects of government R&D investment show both positive and negative aspects of public investment in innovative activities. It is important to discover which factors may interfere with public investment despite trending increases worldwide. The next section discusses one potential factor that may negatively affect R&D performance under government investment.

### **Effects of government regulation on R&D performance**

Along with various inputs that lead to R&D performance, government regulations may play a significant role in developing certain economic values. Lundvall (2010) have proposed strict budget auditing procedures as an explanatory variable of research and development actions. As government funds towards R&D policies



become a priority, more money will come, and more budget reviews and audits will follow. Then these strict reviews and audits may affect research and development activities.

Regulation in many cases refers to “implementation of rules by public authorities and governmental bodies to influence market activity and behaviour of private sectors in the economy” (Blind, 2012, p. 392). Regulations are often created to deal with certain problems associated with a market-driven economy. According to Veljanovski (2010), an efficient outcome is possible when inputs such as “resources, goods, and services” are arranged so that whatever available technology is used most productively (20). However, asymmetric information between the seller and the buyer of a product may cause a Pareto-inefficient allocation of different resources. Due to this information asymmetry, many transactions are susceptible to moral hazard and adverse selection by actors from either side. This is often considered a market failure to be cured by regulation, and resources are supposed to be reallocated based on each actor’s need for welfare.

Therefore, most government programs involve some forms of regulation. As long as these programs involve direct financial transfers from the government, they usually come at certain costs. Even social security programs require paperwork and time from service recipients. Government funding to R&D is exposed to even more government intervention, because the government may favor or control advanced technology in select areas. Baldwin, Cave and Lodge (2010) claim that “regulation has become a central feature not just in the debates regarding the control of new or changing technologies, but also in the context of new technologies that change the frontiers of existing regulatory regimes” (6). Government funding of research and development projects are usually need-based, implying that public officials will have to investigate whether submitted applications comply with requirements. They will not simply give away free money that recipients may spend inappropriately. Even before debating about regulations promoting or discouraging new technology, government-subsidized R&D projects are exposed to potentially burdensome orders.

Regulations on research and development may be categorized into different types. Different authors have suggested economic regulation on innovation, social regulation on innovation, and institutional regulation on innovation (Blind, 2012, pp. 393–394). Economic regulation includes, but is not limited to, “competition policies, price regulation, market entry regulations, and the regulation of natural monopolies and public utilities” (Blind, 2012, p. 394). The second type, social regulation, may be exemplified by environmental regulations.

Another type of regulation is institutional, which may be “implemented by administrative regulations... [with link to the] legal framework to innovation” (Blind, 2012, p. 394). While the institutional regulation brought up by Blind (2012) focuses on the liability issue regarding the new innovative product, it does present a significant implication for further research. Innovators are often afraid of safety issues from their new product, and thus they do not risk introducing it. Institutional regulation may also be applied in cases where too much restriction on budget allocation requires an excessive amount of paperwork and proof of expenditures.

While government regulations aim at adjusting market inefficiency, they also cause another inefficiency. Moynihan et al. (2015) coined a more concrete form of government regulation: the “administrative burden” in the context “in which the state regulates private behavior or structures how individuals seek public services” (44). It is defined as “an individual’s experience of policy implementation as onerous” (Burden et al., 2012; Moynihan et al., 2015). Administrative burden is thus a form of regulatory costs involved in receiving public services, consisting of three different types of costs: learning costs, psychological costs, and compliance costs.

As Moynihan et al. (2015) builds on prior works, learning costs mainly deal with citizens learning about their eligibility and how to access certain public services. Then psychological costs arise when people are no longer autonomous as they participate in a new public service. Lastly, compliance costs come by when doing paperwork and providing documentation as required by a service provider. These costs may exist in any form of public services provided by the government, including R&D expenditures funded by the government. Among these three types of costs, compliance costs have been identified to reduce citizens’ participation in government programs as shown in several empirical researches (Bartlett, Burstein & Hamilton, 2004; Brien & Swann, 1999; Wolfe & Scrivner, 2005; Moynihan et al., 2015).

The simple production model previously mentioned involves component *A*, which may include any technology-related variables affecting input-output ratio. With a certain amount of technological improvements, the same amount of inputs may result in larger outputs. However, there may or may not be a room for a government regulatory environment around technological development and application. As far as countries differ in regulatory environments, similar levels of inputs may lead to dissimilar R&D performances. Blind (2012) discusses the impact of legal and regulatory framework on firms’ innovation: the author differentiates economic, social and institutional regulations – economic regulations are mainly about product market competition and price controls; social regulations are about environmental compliance; and institutional regulations mostly deal with intellectual property rights and general legal and regulatory framework (Blind, 2012, p. 396). According to Im (2015), some governments look for more regulation while other governments such as that of the United States depend on more innovation. In addition, tools of regulation may be different from government to government.

The research by Cho et al. (2005) brings up this issue at the end. Among different policy implications, authors specifically mention that government regulations in government-funded research and development projects potentially deter R&D performance from significant improvements. For example, administrative tasks for fulfilling regulatory requirements take a certain amount of time. However, too many of these tasks could negatively affect research outputs and thus make further application obsolete. Regarding this matter, Nicoletti & Scarpetta (2003) have provided empirical evidence of excessive European regulation resulting in low entrepreneurial productivity. Their result implies that too much regulation keeps firms from adopting breakthrough technology and adapting

to changing business environments; in the long-run, not only production outputs but also other output variables including sales may be negatively affected (Nicoletti & Scarpetta, 2003).

### **Intellectual properties**

Basberg (1987) addresses a few questions regarding the significance of patent information as a representation of innovative activities. The author's questions include whether patent information is valuable as an indicator of technological change and whether patent data is universal and comparable across industries and countries. Not all innovations or inventions are patented, so intellectual properties may or may not be a sole indicator of technological changes. However, innovations that are patented and actually produced into a commercial product may contribute to value added in the economy. Among the patented ideas, important major innovations are likely to be patented in multiple countries, assuring cross-referencing across countries (Basberg, 1987, p. 136). This suggests that the number of triadic family patents, including those patented in the United States, Europe and Japan, may count as an important indicator of innovative activities.

Lanjouw & Schankerman (2004) points out that research productivity may be measured by the ratio of number of patents to R&D investments. Using the U.S. patent data, the research assesses potential determinants of research productivity, including patent quality index represented by the size of the patent family, number of citations and number of patent claims. Claims describe novel features of an invention, while the number of citations demonstrate how much new inventors rely on a particular patent (Lanjouw & Schankerman, 2004, p. 446). Aside from these two factors, the size of the patent family is an important part of the patent quality because not all patents gain equal presence by patent offices in the U.S., Europe and Japan. The family size of a patent illustrates the number of patent markets that protect a patent. Triadic families of patents generally means that an invention is protected by the U.S., European and Japanese patent offices (Dernis, 2003). Thus the number of triadic patent families is a viable international measure of technological change and innovation.

In addition to previous discussions on patents, Dosi et al.'s (2015) comparative study at both firm-level and country-level shows that a technology gap results in a gap in total amount of exports. Patent filing and new technology through research and development, unlike cost reduction in labor and other input factors, have a positive causal relationship to a country's and firm's level of exports (Dosi et al., 2015, pp. 1801–1809). Unlike labor-intensive industries from the past, a modern industrial system values promoting a country's innovation and competitiveness through technology developments based on human capital; therefore, cutting labor costs and other preliminary costs does not improve a country's competitiveness. In the end, a simple expansion of capital investments and expenditures do not solely guarantee positive R&D performance improvement. Rather, these factors should be accompanied by a continuum of knowledge accrual.

Lastly, Popp (2005) emphasizes the reason a number of patents may be an appropriate measure of research and development activity. While he notes that not all successful innovations may be patented, patents provide "a detailed record

of each invention” while R&D expenditure data only offer aggregate information (Popp, 2005, p. 3). Also, the fact that patent data are available in many different countries helps researchers compare R&D activities across countries. Therefore, because patent data is widely available and comparable while offering information about research and development activities, it is important to consider it as part of this research. However, as mentioned in one of previous sections in this paper, patents are rather intermediate than final products of research and development activities. Patents do pave new ways for developing and producing actual products, but actual products do not always happen. Patents are more innovative ideas than tangible output.

### **Human capital and R&D performance**

As previously mentioned, R&D investment or expenditure is not the only major contributor to R&D performance. Human capital is another major factor that is increasingly important. A large pool of researchers can continuously suggest new ideas and form a growing knowledge base. In the process of knowledge growth or knowledge accrual, products of R&D may occur at certain points. Therefore, knowledge base naturally accompanies human capital when we analyze causal factors of research and development performance.

O'Mahony & Vecchi (2009) analyzed an entrepreneurial panel data of five OECD countries and stated that knowledge-based and human capital-centric industries are prone to show direct positive effects of monetary investments on research and development achievements. If this is the case, a spillover from research and development from only a part of the industry can improve productivity of the entire industry (O'Mahony & Vecchi, 2009, p. 42). If this explanation extends to the country level, a firm's research and development may indirectly improve productivity of other industries and the whole country's productivity as well. It is thus important to include human capital as part of the research model assessing factors that contribute to R&D performance of a country.

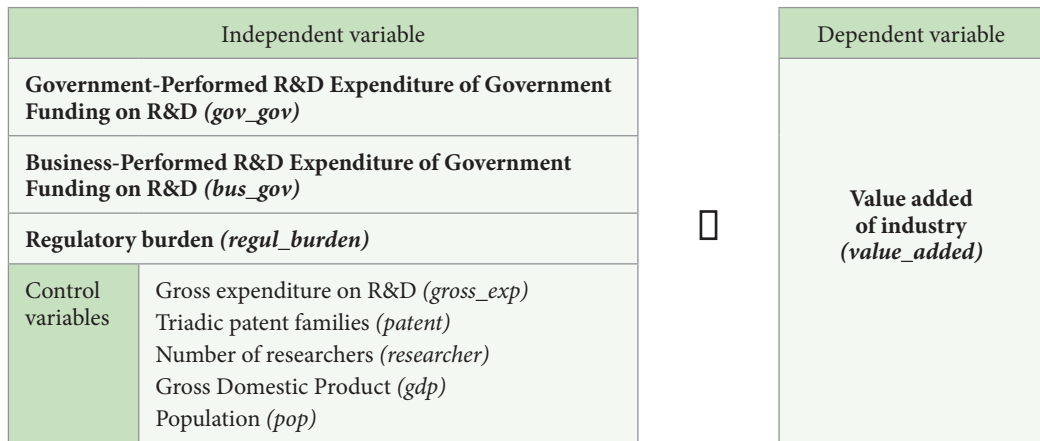
## **Research Design**

### **Variables of interest and research model**

Based on the literature review of factors that may contribute to R&D performance, most R&D's consist of R&D related capital and human capital investments. Factors that have been brought up in the previous chapter are: government investment, regulatory burden, intellectual properties (patents) and human capital. The research is mainly targeted at analyzing the significance of government investment on R&D and regulatory burden in the national R&D performance, measured by the value added of industry. Thus, all other variables that have been identified as potential factors of R&D performance will be control variables. It is important to consider the significant gaps among these 36 countries. The gap may include, but not limited to, economic gap, technology gap, and human capital gap. For example, countries that are OECD members are not necessarily at the same stage of knowledge base development or previous achievements on R&D projects. Control variables will take these gaps into account.

Specifically, government investment may be divided into government expenditure of the investment, business expenditure of investment, and other expenditures of investment<sup>4</sup>. In other words, this research will assess government as a source of funding (investment) and as a performer (expend) of R&D activities. It will also assess business enterprises as a performer of R&D activities, funded by the government. These activities are represented by the following indicators: *Government-performed R&D expenditure of government funding on R&D* and *Business-performed R&D expenditure of government funding on R&D*. Government investments on Control variables include the gross expenditure on R&D, number of triadic patent families, number of researchers, gross domestic product and population, all of which are counted at national level. Figure 3 demonstrates the proposed research model.

Figure 3: Research Design



$$value\_added = \alpha + \beta_1 * gov\_gov + \beta_2 * bus\_gov + \beta_3 * regul\_burden \quad (2)$$

Equation (2) demonstrates a linear equation involving value added of industry, government performance of government funding on R&D, business performance of government funding on R&D and regulatory burden. The extended model, presented in Equation (3), incorporates the following control variables: gross expenditure on R&D, number of triadic patent families, number of researchers, gross domestic product (GDP) and population.

$$value\_added = \alpha + \beta_1 * gov\_gov + \beta_2 * bus\_gov + \beta_3 * regul\_burden + \beta_4 * gross\_exp + \beta_5 * patent + \beta_6 * researcher + \beta_7 * gdp + \beta_8 * pop \quad (3)$$

<sup>4</sup> Other expenditures of R&D investment include those by the higher education sector and private non-profit sector. These other types of expenditures are not variables of main interest, so they will be controlled in part by a gross domestic expenditure on R&D.



### Research hypotheses

The first hypothesis will test the potential positive relationship between total value added of industry and the government-performed expenditure of government funding on research and development. Whether a government is good at spending its own money on R&D will be assessed through this test.

*Hypothesis 1: An increase in government-performed expenditure of government-funding on R&D leads to an increase in total value added of industry.*

The second hypothesis will test the potential positive relationship between total value added of industry and the business-performed expenditure of government funding on research on development. Unlike the first hypothesis, non-government performance of the same source of funding on R&D will be assessed.

*Hypothesis 2: An increase in business-performed expenditure of government-funding on R&D leads to an increase in total value added of industry.*

The last hypothesis will test whether regulatory burden has a significant negative relationship with the total value added of industry. Whether less regulatory burden would result in more value added will be discovered through this test.

*Hypothesis 3: Less regulatory burden leads to an increase in total value added of industry.*

### Data and research methods

The main source of data is OECD's Main Science and Technology Indicators (MSTI). Indicators include, but are not limited to, R&D-related variables such as number of total researchers, gross domestic expenditure on R&D (GERD), government-performed expenditure on R&D (GOVERD), business-performed expenditure on R&D (BERD), and other various variables related to research and development plus science and technology. The dataset is an annual assortment of data from 35 OECD countries (as of 2016<sup>5</sup>) and 1 non-OECD country (Russia).

The authors established a panel dataset of 36 countries over 17 years (2000 to 2016), but the missing data came up as a problem. Normally, when data is missing for certain variables and for certain countries, a computer statistical package like STATA eliminates that item in the analysis. Some researchers prefer to replace missing data with mean values if they do not want to eliminate any item. However, substituting missing values with their respective mean values may create biases in variables. Instead, STATA supports missing data imputation, which is based on a random yet simulated projection of missing data. This research utilizes imputation methods in order to keep valid information useful, instead of deleting items that miss any one data.

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<sup>5</sup> As of 2016 (the final year for the dataset), there are 35 OECD countries: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States.



- The panel data include original data from OECD MSTI for following indicators:
- Value added of industry (in million US Dollars, adjusted at 2015 prices).
    - Definition: Value of output minus value of intermediate consumption, for industry divisions. It excludes “real estate activities” or “imputed rent of owner-occupied dwellings... that represents a significant share of total GVA [Gross Value Added] and has no R&D counterpart (OECD, 2015).
  - Expenditure on R&D by sector of performance and source of funds (in million US Dollars, adjusted at 2015 prices).
    - Sectors: Government and Business enterprise.
    - Source of funds: Government.
    - Definitions:
      - a) Government-performed expenditure of government funding on R&D: gross amount of expenditure on R&D, spent by the government and funded by the government;
      - b) Business-performed expenditure of government funding on R&D: gross amount of expenditure on R&D, spent by business enterprises and funded by the government.
  - Gross domestic expenditure R&D (in million US Dollars, adjusted at 2015 prices).
    - Definition: all expenditures on R&D domestically.
  - Number of triadic patent families.
    - Definition: a set of patents “protecting a single invention across various jurisdictions”; triadic patent families apply if and only if a patent is filed at the European Patent Office (EPO), the Japan Patent Office (JPO), and the US Patent & Trademark Office (USPTO) (OECD, 2015).
  - Total [number of] researchers (FTE: full-time employed).
    - Definition: R&D personnel within a national territory, counted by the number of full-time workers.
  - Gross domestic product (GDP).
  - Population.

Additionally, the ‘regulatory burden’ data have been adopted from the World Governance Indicators. The original indicator is the burden of government regulation, from a survey question asking, “In your country, how burdensome is it for businesses to comply with governmental administrative requirements (e.g., permits, regulations, reporting)?”<sup>6</sup>. This indicator measures the government’s ability to support and regulate the private sector’s intention to do research and development. It is also a combination of different variables that are not disclosed in public. The original data ranges from 1=extremely burdensome to 7=not burdensome at all, requiring reverse measurements for intuitive analyses. Therefore the reversed measurements for regulatory burden now range from 1=not burdensome at all to 7=extremely burdensome to represent higher numbers for higher perceived regulatory burdens.

With all these variables in the panel data, STATA computer statistical package software has been used to conduct a panel regression analysis. Specifically, a random effect GLS regression with multiple-imputation estimates has been conducted.

<sup>6</sup> Survey question retrieved from World Bank TCdata360, burden of government regulation.

Table 3

### Descriptive statistics: initial data without multiple imputation

Variable	Obs. #	Mean	Std. Dev.	Min	Max
Country_ID	612	18.5	10.39679	1	36
Year	612	2008	4.902987	2000	2016
Value_added	612	800300.3	1598085	5217.85	1.20e+07
<b>Gov_gov</b>	<b>528</b>	<b>3824.992</b>	<b>9235.367</b>	<b>10.552</b>	<b>58278.41</b>
<b>Bus_gov</b>	<b>523</b>	<b>1928.183</b>	<b>5548.354</b>	<b>0.889</b>	<b>43834</b>
<b>Regul_burden</b>	<b>513</b>	<b>3.729313</b>	<b>0.6715117</b>	<b>1.7</b>	<b>5.09942</b>
<b>Gross_exp</b>	<b>532</b>	<b>27770.62</b>	<b>68652.5</b>	<b>78.92</b>	<b>502893</b>
<b>Patent</b>	<b>576</b>	<b>1473.061</b>	<b>3795.079</b>	<b>0.42</b>	<b>18703.1</b>
<b>Researcher</b>	<b>495</b>	<b>136610.2</b>	<b>242539.7</b>	<b>1645.6</b>	<b>1400000</b>
Gdp	612	1219632	2483644	8294.96	1.90e+07
Pop	612	37944.1	58330.66	281.15	323926

**Note:** Value\_added: value added of industry; gov\_gov: gross amount of expenditure on R&D, spent by the government and funded by the government; bus\_gov: gross amount of expenditure on R&D, spent by the business enterprises and funded by the government; regul\_burden: regulatory burden; gross\_exp: gross domestic expenditure on R&D; patent: number of triadic patent families; researcher: total number of researchers (full-time equivalent); gdp: gross domestic product; pop: population.

**Sources:** OECD Main Science and Technology Indicators & World Bank World Governance Indicators.

Variables in bold type have missing data, thus requiring multiple imputation of missing values. Multiple-imputation random effect GLS regression as well as pooled OLS regression will be conducted for comparison.

## Results

### Results from pooled OLS regression without imputation

We first ran pooled OLS regression on the initial data with missing values. Results build following inferences: it is statistically significant at the 95% confidence level that the increase in government-performed research and development funded by the government is associated with a decrease in the value added of industry. It is also statistically significant that the increase in the business-performed research and development funded by the government is associated with an increase in the value added of industry. Regulatory burden, of which higher numbers represent higher perceived burdens from regulation, shows a negative relationship with the value added of industry. In other words, less perceived regulatory burden is positively associated with an increase in the value added. Therefore, Hypothesis 1 has not been endorsed, while Hypotheses 2 and 3 have been endorsed.

Table 4

**Correlation of variables**

	Value _added	Gov _gov	Bus _gov	Regul _burden	Gross _exp	Patent	Resear- cher	Gdp	Pop
Value _added									
Gov _gov	0.9825								
Bus _gov	0.9112	0.9314							
Regul _burden	0.0011	-0.0210	0.0062						
Gross _exp	0.9814	0.9815	0.8841	-0.0622					
Patent	0.7913	0.7751	0.5684	-0.0709	0.8217				
Researcher	0.9649	0.9486	0.8680	-0.0099	0.9558	0.8626			
Gdp	0.9982	0.9850	0.9184	0.0015	0.9823	0.7700	0.9569		
Pop	0.9569	0.9241	0.8770	0.1010	0.8967	0.7510	0.9391	0.9484	

**Note:** Value\_added: value added of industry; gov\_gov: gross amount of expenditure on R&D, spent by the government and funded by the government; bus\_gov: gross amount of expenditure on R&D, spent by the business enterprises and funded by the government; regul\_burden: regulatory burden; gross\_exp: gross domestic expenditure on R&D; patent: number of triadic patent families; researcher: total number of researchers (full-time equivalent); gdp: gross domestic product; pop: population.

**Source:** Authors' calculations.

Table 5

**Pooled OLS regression results, with missing values**

Value_added	Coef.	t	P> t	[95% Conf. Interval]	
Gov _gov	-16.65429 (2.842802)	-5.86	0.000***	-22.24388	-11.06469
Bus _gov	10.24652 (2.457726)	4.17	0.000***	5.414069	15.07896
Regul _burden	-13638.71 (5399.89)	-2.53	0.012***	-24256.11	-3021.299
Gross _exp	2.488614 (0.4997892)	4.98	0.000***	1.505915	3.471313
Patent	22.90567 (2.826763)	8.10	0.000***	17.34851	28.46462
Researcher	-0.1704345 (0.0780332)	-2.18	0.030***	-0.3238654	-0.0170035

Value_added	Coef.	t	P> t	[95% Conf. Interval]	
Gdp	0.5211972 (0.0150594)	34.61	0.000***	0.4915871	0.5508073
Pop	3.646355 (0.2987214)	12.21	0.000***	3.059001	4.233709
_cons	-55323.9 (18708.65)	-2.96	0.003	-92109.33	-18538.46
# of obs	389				
F(8,380)	36763.86				
Prob > F	0.0000				
R-squared	0.9987				
Adj R-sq	0.9987				
Root MSE	65201				

**Note:** Standard errors are presented in parentheses.

\* indicates significance of coefficients at the 90% level ( $p < 0.10$ ).

\*\* indicates significance of coefficients at the 95% level ( $p < 0.05$ ).

\*\*\* indicates significance of coefficients at the 99% level ( $p < 0.01$ ).

Value\_added: value added of industry; gov\_gov: gross amount of expenditure on R&D, spent by the government and funded by the government; bus\_gov: gross amount of expenditure on R&D, spent by the business enterprises and funded by the government; regul\_burden: regulatory burden; gross\_exp: gross domestic expenditure on R&D; patent: number of triadic patent families; researcher: total number of researchers (full-time equivalent); gdp: gross domestic product; pop: population.

**Source:** Authors' calculations.

### Results from panel data regression with multiple imputation

The result of random effects GLS regression on the panel data (after multiple imputation of missing values) is as follows:

Table 6

#### Random effects GLS regression on panel data, with multiple imputation of data

Value_added	Coef.	t	P> t	[95% Conf. Interval]	
Gov_gov	-10.79665 (2.454329)	-4.40	0.000***	-15.60964	-5.983658
Bus_gov	5.728293 (1.986161)	2.88	0.004***	1.834961	9.621625
Regul_burden	-11286.02 (5221.305)	-2.16	0.032***	-21594.96	-977.0843
Gross_exp	0.5078297 (0.4118732)	1.23	0.218	-0.3012625	1.316922
Patent	23.51355 (2.631214)	8.94	0.000***	18.35093	28.67618
Researcher	-0.2171915 (0.0738897)	-2.94	0.003***	-0.3623621	-0.0720208

Value _added	Coef.	t	P> t	[95% Conf. Interval]	
Gdp	0.5974206 (0.0113243)	52.76	0.000***	0.5751979	0.6196434
Pop	2.265917 (0.3081016)	7.35	0.000***	1.661116	2.870718
_cons	-45850.06 (19220.83)	-2.39	0.018	-83721.38	-7978.747
sigma_u sigma_e rho	32231.77 50186.866 0.29201835	(fraction of variance due to u_i)			

**Note:** Standard errors are presented in parentheses.

\* indicates significance of coefficients at the 90% level ( $p < 0.10$ ).

\*\* indicates significance of coefficients at the 95% level ( $p < 0.05$ ).

\*\*\* indicates significance of coefficients at the 99% level ( $p < 0.01$ ).

Value\_added: value added of industry; gov\_gov: gross amount of expenditure on R&D, spent by the government and funded by the government; bus\_gov: gross amount of expenditure on R&D, spent by the business enterprises and funded by the government; regul\_burden: regulatory burden; gross\_exp: gross domestic expenditure on R&D; patent: number of triadic patent families; researcher: total number of researchers (full-time equivalent); gdp: gross domestic product; pop: population.

**Source:** Authors' calculations.

Based on the panel regression GLS model, the following statistical inferences have been made<sup>7</sup>. It is statistically significant at the 95% confidence level that the increase in government-performed research and development funded by the government is associated with a decrease in the value added of industry. It is also statistically significant that the increase in the business-performed research and development funded by the government is associated with an increase in the value added of industry. Regulatory burden, of which higher numbers represent higher perceived burdens from regulation, shows a negative relationship with the value added of industry. To make it simple, less perceived regulatory burden is positively associated with an increase in the value added.

In addition, control variables, while they are not of main interest, show certain directions of relationships with the dependent variable. First of all, the gross expenditure on research and development that encompasses all the national expenditure regardless of funding has not shown a statistically significant relationship with the value added of industry. This is a departure from the previous pooled-OLS regression analysis, in which statistical significance has been discovered. Second, the number of triadic patent families that include U.S. patents, EU patents and Japan patents shows a statistically significant positive relationship with the dependent variable. On the other hand, the number of researchers that are full-time equivalent has shown a statistically significant negative relationship with the value added of industry. The gross domestic product and the population both have shown positive relationships with the dependent variable, both of which are statistically significant.

<sup>7</sup> No lagged dependent variable has been included as controls in this statistical inference.

### Interpretation

The regression results provide us with some meaningful interpretations. While funding of research and development has for decades been considered a crucial investment of governments, what really matters is who uses the money. Governments may have acted as a main source of R&D investment, but they may not have been effective in spending on their own. In contrast, businesses, or the private sector, seem to have been more successful in generating value added by spending on research and development, funded by governments. In addition, countries where people perceive regulations to be of less burden perform better in generating value added of industry.

### Conclusion

The main purpose of this research was to address factors that may affect national performance of research and development. Since governments are major funding sources of research and development in many countries, government competitiveness of making the most out of public investment should be a critical issue. However, most previous research has tried to demonstrate relationships between R&D spending and R&D performance of individual firms, or relationships between public R&D expenditure and the national performance on R&D in narrower perspectives. Therefore, this research aimed at a multi-faceted analysis of government investment in research and development, with particular interests in government performance, business performance, and regulatory burdens.

From the 17-year panel data regression analysis on 35 OECD countries and Russia, the R&D performance measured by value added of industry was discovered to be negatively related with the government-performed R&D funded by the government. On the other hand, it was positively related with business-performed R&D funded by the government and less regulatory burdens. These results offer some meaningful interpretations. Despite governments' crucial role in funding R&D investments to different sectors, its spending for its own R&D projects have not been found to generate more value added than private enterprises' spending on R&D. This suggests that the government may be a decent source of funding R&D projects, but it may not be as effective as business enterprises in generating economic values. These findings are followed by the discovery that less regulatory burdens (proxy measured by perceptions on regulatory burdens) would increase the value added.

To sum up, a competitive government research and development investment framework may involve less government spending, more private business spending, and less regulatory burden. Governments may be effective in financially supporting research and development projects, but it would be even more effective to let private industries use this financial resource to conduct research. In addition, regulations, which could range from burdensome paperwork to major accounting audits, could be reduced for better performance on research and development. It is important to provide enough support while removing excessive obstacles to research activities.



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