DIFFICULT OR RELEVANT TO MEASURE PERFORMANCE IN THE PUBLIC SECTOR?

MIRELA POPESCU *

ABSTRACT: *Measuring performance in the public sector represents one of the most complex challenges of contemporary management. The importance of this topic is further emphasized by public administration reforms, the digitalization of services, and citizens' growing expectations regarding the quality and efficiency of public services. The present paper examines the specific challenges of the public sector, the main factors of public-sector performance measurement, the role and relevance of non-financial indicators in the public sector.*

KEY WORDS: *public sector, transparency, efficiency and effectiveness, performance indicators, performance measurement.*

JEL CLASSIFICATION: *H70, D61, H83.*

1. INTRODUCTION

Measuring performance in the public sector is widely regarded as one of the most demanding challenges of modern management, given that public institutions are subject to increasing pressure for efficiency, transparency, and accountability. In contrast to private-sector organizations, where profit serves as a primary performance indicator, public sector organizations pursue a range of social and non-financial objectives that are inherently difficult to measure.

Consequently, performance assessment in the public sector extends beyond a purely technical exercise and becomes a conceptual process shaped by political, administrative, and social influences. The significance of this issue is further heightened by ongoing public administration reforms, the expansion of digital public services, and citizens' increasing expectations regarding service quality and effectiveness.

**Assoc. Prof., Ph.D., University of Petrosani, Romania, mirelapopescu@upet.ro*

Public sector organizations bear a fundamental obligation to society, as they often undertake projects intended solely to serve the public interest, without being driven by cost–benefit considerations.

Although difficult to define, the literature attributes multiple meanings to the concept of performance (Monea, 2017):

- The term “performance” carries an ideology of progress, effort, and the continuous pursuit of improvement;
- Performance is a word often used for its metaphorical implications—organizational performance reflects an individual’s capacity to progress through sustained effort;
- Performance signifies success. It does not exist in isolation, but rather depends on how achievement is perceived by different categories of users of accounting information;
- Performance is the result of action. Measuring performance is understood as a subsequent evaluation of the results achieved;
- Performance is action. In this sense, performance is both a process and an outcome that materializes at a given point in time;
- Performance represents “a state of competitiveness of the entity, achieved through a level of effectiveness and efficiency that ensures its long-term presence in the market.” (Niculescu & Lavalette, 1999) These two components of performance—efficiency and effectiveness—give rise to two categories of costs: the cost of efficiency and the cost of effectiveness, resulting from actions that enable the entity to achieve outcomes expected by its environment.

2. PERFORMANCE IN THE PUBLIC SECTOR

Public sector performance reflects a public organization’s ability to deliver high-quality, accessible, and equitable services; to use financial, human, and material resources in a transparent and efficient manner; to comply with legal and ethical standards; and to generate positive social outcomes that align with public policies and citizens’ expectations. Unlike private-sector performance, it is not measured primarily by financial results, but by a balanced assessment of effectiveness, efficiency, service quality, citizen satisfaction, and long-term social impact.

The challenges and approaches associated with performance management in the public sector differ substantially from those applied in the private sector. Identifying the factors that specifically influence performance management in public institutions is therefore of critical importance (Sandeep, et al., 2023).

The most comprehensive understanding of performance in the public sector is reflected in the concept of *global performance*. Unlike private-sector organizations, public institutions cannot depend only on financial indicators to assess their performance, because their primary mission is to generate public value rather than profit. Consequently, measuring performance in the public sector requires a holistic perspective that captures the entirely of an institution’s activities and objectives. This approach must integrate both quantitative and qualitative dimensions, internal and external influences, as well as the effective use of material, human, and financial resources.

Global performance in public institutions is grounded in several interrelated pillars (Monea, 2017):

- *Technical performance*, referring to the capacity of public institutions to deliver services efficiently, accurately, and in compliance with legal and procedural standards;
- *Staff performance*, which reflects the competencies, motivation, professionalism, and ethical conduct of public sector employees;
- *Resource allocation and management*, focusing on the efficient, transparent, and equitable use of public funds and assets;
- *Service accessibility and relevance*, rather than product competitiveness, emphasizing the ability of public services to meet societal needs;
- *Quality of public services*, measured through reliability, timeliness, and consistency of service delivery;
- *Citizen satisfaction*, which replaces traditional customer satisfaction and reflects public trust and perceived value of services;
- *Managerial and leadership performance*, highlighting strategic capacity, decision-making quality, and accountability within public institutions;
- *Non-financial performance*, including institutional reputation, compliance, innovation, and governance quality;
- *Financial performance*, assessed in terms of budget execution, fiscal discipline, and cost control rather than profitability;
- *Social responsibility and public value creation*, which capture the broader societal, ethical, and environmental impacts of public sector activities.

By integrating these dimensions, global performance measurement in the public sector provides a comprehensive framework for evaluating institutional effectiveness, accountability, and long-term sustainability, while aligning organizational outcomes with social expectations and public interest objectives.

3. DIFFICULT OR RELEVANT TO MEASURE PERFORMANCE IN THE PUBLIC SECTOR?

Several ***challenges*** are specific to the public sector:

- *Multiple and non-financial objectives* – public institutions pursue complex missions, including social equity, service quality, efficiency, and democratic accountability. These objectives cannot be captured solely through financial indicators, which significantly complicates performance assessment.
- *The absence of profit as a clear performance indicator* – in contrast to private firms, public institutions are not driven by profit maximization. As a result, there is no single, clear, and universally accepted indicator of performance, making evaluation more complex and multidimensional.
- *Difficulties in quantifying social outcomes* – outcomes such as “increased citizen satisfaction,” “reduced inequality,” or “improved public health” are

inherently complex and difficult to measure with precision, as they often materialize over long time horizons and are influenced by multiple external factors.

- *Political influence* – performance in public sector is significantly affected by political dynamics, including: changes in political authority, shifting governmental priorities, variability in public budgets, or external political and social pressures. These factors can compromise the objective assessment of efficiency and effectiveness and may undermine the consistency of performance evaluation over time.
- *Lack of a performance-oriented culture* -public institutions frequently face challenges related to bureaucratic structures, rigid procedures, and resistance to change. Such characteristics limit the adoption and effective implementation of modern performance measurement and evaluation systems.

Also, to measure performance in the public sector is highly relevant, in order to reflect both contemporary governance expectations and operational realities.

Performance measurement in the public sector has become indispensable in a context marked by fiscal constraints, increasing societal expectations, and closer examination by the public, supervisory authorities and international institutions. Contrary to the private sector, where performance is primarily assessed through financial outcomes, public-sector performance measurement focuses on value creation for society, policy effectiveness, and service quality.

The main factors (key drivers) of public-sector performance measurement are:

- *Transparency and democratic accountability* - performance indicators make government action more visible and intelligible. By linking objectives, resources, and results, public administrations can demonstrate how public funds are used and what outcomes are achieved, thereby strengthening trust between citizens and public institutions.
- *Responsible and efficient use of public resources* - measuring performance enables administrations to assess whether resources are allocated optimally and whether programs deliver results at an acceptable cost. This is particularly critical in environments of budgetary pressure, where governments must justify expenditures and prioritize high-impact interventions.
- *Improved quality and accessibility of public services* - performance data supports the identification of service gaps, inefficiencies, and areas requiring reform. When systematically used, it contributes to better service delivery, greater responsiveness to user needs, and continuous improvement.
- *Strategic management and evidence-based decision-making* - performance measurement provides a factual basis for planning, monitoring, and evaluation. It helps decision-makers align policies with strategic objectives, monitor progress, and adjust actions based on measurable outcomes rather than assumptions or political considerations.
- *Modernization of public administration* - introducing performance frameworks encourages a results-oriented culture within public organizations. It promotes managerial responsibility, cross-departmental coordination, innovation, and the adoption of modern management practices while preserving public-sector values such as equity and legality.

It should be emphasized that performance measurement is not an objective in its own right. The real value lies in how performance information is interpreted and used. Effective systems combine quantitative indicators with qualitative assessments, account for the complexity of public missions, and avoid reducing performance to simplistic metrics. When well designed, performance measurement becomes a tool for learning, improvement, and policy effectiveness rather than mere control.

What is the answer of the main question: "is performance in the public sector difficult or relevant to measure?" The correct answer is: "The measurement of performance in the public sector *is both difficult and highly relevant."*

On the one hand, it is *difficult* because public sector objectives are often complex, multidimensional, and sometimes ambiguous. Public institutions pursue social value rather than profit, which makes outcomes harder to quantify. Political influence, diverse stakeholder expectations, long-term social impacts, and limited or inconsistent data further complicate performance measurement. Additionally, many public services prioritize equity, accessibility, and social justice—dimensions that are not easily captured through traditional quantitative indicators.

On the other hand, performance measurement is *highly relevant and necessary*. Without systematic evaluation, public institutions cannot demonstrate accountability, ensure transparency, or assess whether public resources are used effectively. Measuring performance supports evidence-based decision-making, continuous improvement of services, and the alignment of policies with citizens' needs. When financial indicators are combined with non-financial measures—such as service quality, social impact, and citizen satisfaction—a more accurate and balanced picture of public sector performance emerges.

While measuring performance in the public sector presents significant challenges, it remains essential. The focus should not be on finding perfect indicators, but on developing flexible, multidimensional measurement systems that reflect public values and support better governance.

4. THE ROLE AND RELEVANCE OF NON-FINANCIAL PERFORMANCE INDICATORS IN THE PUBLIC SECTOR

Non-financial indicators are metrics that reflect essential aspects of organizational performance that are not directly related to monetary values. These include measures of quality, customer satisfaction, employee engagement, and social responsibility. Additionally, non-financial indicators represent measures that capture the qualitative aspects of performance and the impact of a public sector entity.

Non-financial indicators play a crucial role in public sector by contributing to the evaluation and improvement of performance, transparency, and accountability. They provide a holistic perspective on the efficiency and impact of public services that cannot be fully captured through financial indicators alone.

The role of non-financial indicators in the public sector:

Evaluation of operational performance: non-financial indicators, such as application processing time, the number of beneficiaries served, and user satisfaction, help monitor the efficiency and quality of public services.

Measurement of social impact: non-financial indicators enable the assessment of the long-term effects of public policies and programs on society, such as literacy rates, population health levels, or poverty reduction.

Support for strategic decision-making: These indicators provide essential data for the development and adjustment of public strategies and policies. For example, measuring citizen satisfaction can guide decisions regarding resource allocation and project prioritization.

Transparency and accountability: the publication of non-financial indicators increases the transparency of public institutions' activities and facilitates their accountability to citizens and other stakeholders. This contributes to building and maintaining public trust.

Continuous improvement: ongoing monitoring of non-financial indicators allows for the rapid identification of problems and the implementation of corrective measures. This supports the continuous improvement of public services.

The relevance of non-financial indicators in public sector:

Comprehensive perspective: non-financial indicators provide an overall view of the performance of public institutions, complementing financial information. They enable a more nuanced assessment of the efficiency and effectiveness of the services delivered.

Relevance to citizens: many non-financial indicators are directly relevant to citizens' experiences and perceptions of public services. For example, waiting times in hospitals or the quality of education are issues of significant public interest.

Predictive capacity: non-financial indicators can offer early signals of potential problems or opportunities, enabling proactive interventions. For instance, a decline in citizen satisfaction may indicate the need for changes in service delivery.

Achievement of sustainable development objectives: non-financial indicators are essential for monitoring progress toward the achievement of the Sustainable Development Goals (SDGs) established by the United Nations, which encompass social, economic, and environmental dimensions.

Evaluation of public policy effectiveness: these indicators allow for the direct assessment of the outcomes and impacts of public policies, supporting their adjustment and improvement in line with citizens' needs and feedback.

Non-financial indicators are essential for a complete and realistic evaluation of the performance of public institutions. They not only complement financial indicators but also provide vital information for improving public services, strengthening accountability and transparency in governance, and achieving sustainable development goals.

5. CONCLUSIONS

Measuring performance in the public sector is undeniably complex, but it is both relevant and necessary. The ambiguity of public objectives, political influence, challenges in quantifying social outcomes, organizational resistance, and data limitations all make performance evaluation more difficult than in the private sector. Moreover, the public sector's emphasis on equity, accessibility, and public value—

rather than profit or efficiency alone—limits the applicability of traditional performance indicators.

However, these difficulties do not diminish the importance of performance measurement; rather, they reinforce the need for adapted and context-sensitive evaluation frameworks. When designed to reflect public-sector realities, by combining quantitative and qualitative indicators, integrating social outcomes, and respecting public values, performance measurement becomes a strategic instrument for accountability, learning, and improvement.

The integration of financial and non-financial indicators in performance evaluation provides a comprehensive and balanced view of how public entities fulfill their mission. In the public sector, where objectives are diverse and complex, the use of both types of indicators enables a holistic assessment that supports the development of improvement strategies and ensures transparency and accountability toward citizens.

In conclusion, performance measurement in the public sector is not easy, but it is highly relevant. Its purpose is not to impose rigid efficiency metrics, but to support better governance, informed decision-making, and enhanced public service delivery while balancing efficiency with equity and social impact.

REFERENCES:

[1]. **Afonso A., Schuknecht L., Tanzi V.** (2006) *Public sector efficiency: evidence for new EU member states and emerging markets*, European Central Bank, Working Paper No. 581

[2]. **Bartoli, A.** (2009) *Management dans les organizations publiques*, Dunod, Paris

[3]. **Bătrâncea, I., Bechiş, L.** (2013) *Performanță în administrația publică locală*, Risoprint, Cluj-Napoca

[4]. **Behn, R. D.** (2003). *Why Measure Performance? Different Purposes Require Different Measures*, Public Administration Review, 63(5), pp. 586-606

[5]. **Hada, T., Bărbuță-Mișu, N., Căruț, M., Avram, T.M.** (2017) *Financial Performance Analysis to Public Institutions,* Annales Universitatis Apulensis Series Oeconomica, 19(2), 39-59

[6]. **Inceu, A., Lazăr, D., Moldovan, B.A.** (2009) *Finanţe şi bugete publice,* Accent, Cluj-Napoca

[7]. **Lazăr, D.,T., Moldovan, B., A., Pavel, A.** (2008) *Underground Economy's Measurement Methods,* Transylvanian Review of Administrative Sciences, 4(23), pp. 43-58

[8]. **Markic, D**. (2014) *A Review on the Use of Performance Indicators in the Public Sector*, TEM Journal, 3(1), pp. 22-28

[9]. **Matei, L., Anghelescu, S.** (2010) *Fundamentarea keynesiană a politicilor de marketing în dezvoltarea locală*, Economie teoretică şi aplicată, Volumul XVII , 6(547), pp. 29-46

[10]. **Mihaiu, D.** (2014). *Measuring performance in the public sector: between necessity and difficulty*, Studies in Business and Economics, Universitatea Lucian Blaga Sibiu

[11]. **Moldovan, B.A.** (2014) *Instrumente de măsurare a performanței financiare a administrației publice locale,* Revista Transilvană de Ştiinţe Administrative 2(35), pp. 71-83

[12]. **Monea, M.** (2017) *Analiză organizațională,* Editura Universitas, Petroșani

[13]. **Monea, M.** (2015) *Analiza economico-financiară a activității firmei,* Editura Universitas, Petroșani

[14]. **Monea, M.** (2013) *Information System of the Financial Analysis,* Annals of the University of Petroșani, Economics, 13(2), pp. 149-156

[15]. **Monea, M.** (2017) *Key Performance Indicators to Measure Efficiency in the Public Sector,* Annals of the University of Petroşani, Economics, 17(2), pp. 139-147

[16]. **Monea, M.** (2010) *Activity Ratios Analysis,* Agricultural Management, Lucrari Stiintifice Seria I, Management Agricol, 12(3)

[17]. **Monea, M.** (2012) *Analiză financiară. Noțiuni teoretice și studii de caz*, Editura Sitech, Craiova

[18]. **Oprea, F.** (2013) *Managementul financiar al colectivităților locale*, Editura Tritonic, București

[19]. **Pintea, M. O**. (2011). *Performanţa entităţilor economice în contextul dezvoltării durabile*, Editura Risoprint, Cluj Napoca

[20]. **Profiroiu, A. și Profiroiu, M.** (2007) *Cadrul de analiză a performanțelor sectorului public*, Economie teoretică şi aplicată, nr. 1, pp. 41-50

[21]. **Sandeep, R., Prakash, C., Bahuguna, N. R.** (2023) *Performance Management in Public Sector Organizations: A Bibliometric Analysis*, International Journal of Organizational Leadership, 115-141, Available at: https://ijol.cikd.ca/article_60691_cc31a1167 0852ae38378adc1b2bf3541.pdf

[22]. **Șandor, S., Raboca, H.** (2004) *Măsurarea performanțelor în administrație publică,* Revista Transilvană de Știinţe Administrative, 3(12), pp. 150-157

[23]. **Ştefănescu, A., Dobrin, C., Calu, D. A., Ţurlea, E**. (2010). *Controverse privind măsurarea performanţelor entităţilor administraţiei publice din România*, Revista Transilvană de Ştiinţe Administrative, 1(25), pp. 225-242