

## **THE PERFORMANCE MANAGEMENT IN PUBLIC INSTITUTIONS OF HIGHER EDUCATION AND THE ECONOMIC CRISIS**

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*ABSTRACT: The need to reduce public spending in the developing process and funding of public services has led to the introduction of performance indicators in the public institutions. Moreover, the need to optimize the educational activity, the implementation of an efficient management, insuring the quality and the compatibility of the educational systems has led to numerous investigations in this area by adopting, as a theoretical reference framework some organizational models to explain the functionality of the educational system and to define a performance appraisal system. Each model generated by default a certain philosophy regarding the evaluation methods of the institutional performance, design and use of the performance indicators on education institutions.*

*Key words: economic crisis, performance, indicators, education*

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### **Introduction**

Changes in higher education in Romania, just as throughout Europe and elsewhere, were as many and radical as they were continuous. Since the early 1990s, the first private universities were established in Romania and the number of public universities, of the faculties or of the new curriculum, respectively specializations has increased rapidly.

Although there have been significant improvements (revision of curricula, introduction of alternative textbooks, improving student performance assessment system, diversification of educational financing system, decentralization of the management and administration, reorganization of teacher training programs, computerization, reorganization and modernization of higher education), the reform of the system is necessary both by the need to adapt to the demands of modern society, constantly changing, and also by bringing quality standards and performance of Romanian education system to European standards. The reform of the education system in Romania is in progress and should always have in mind that the effectiveness and quality of educational services must increase so that our education is compatible with the European system and that the trained workforce in Romania will be able to integrate easily in the sole labour market.

Higher education institutions in our country must be prepared to operate in a competitive education market, assuming greater managerial autonomy for each of them, a flexible regulatory framework and adequate financing. Today, being competitive as an institution of higher education requires more openness and transparency, a review of services and marketing culture, according to the European realities and values of the European education system, such as cultural diversity and research orientation.

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Research looks at how the performance of public institutions of higher education level is perceived, and also examine whether the economic crisis is affecting performance management in these institutions.

### **Identifying the concept of performance**

Orientation toward performance began in 1982 when in the United Kingdom within the central administration, the Audit Commission was set up with the responsibility in assessing the efficiency and effectiveness. Thus a new thinking method developed in the public sector, namely, "value for money" and expressed the value created by the use of financial resources attracted into management and implementation processes within the public institutions.

This new approach "Value for money", expresses the simplest model from an economical point of view of collecting and effective use of resources in the process of assessing and improving the quality and performance within educational institutions, while respecting the three criteria of assessment namely, effectiveness, efficiency, economy. In a broad sense, performance represents a great achievement in a field of activity. The definition leads us to the conclusion that "performance is not ascertained, it is built" (Burguignon, 1995). Although the concept of performance is hard to define, experts in this field assign to the concept of performance numerous acceptations:

- The term performance is the bearer of a progress ideology, the effort to do something as good as possible;
- Performance is a word often used for metaphorical allusions which it contains;
- Performance means success, is the result of an action, is a process that occurs at a certain moment in time.

In another approach (Niculescu et.al, 1999), performance represents a state of competitiveness of the institution reached by a level of effectiveness and efficiency, which ensures a sustainable market presence on a competitive market. Performance and value represent is perfect tandem for effective management and modern institutions. Measuring performance (Albu et.al, 2004), means to appreciate the value and knowing the value means, "to translate" performance. From another point of view, specialists in the economic field have defined performance as the result of the completion of tasks according to some performance criteria.

Research on national regulations in the field shows that performance in schools is not defined directly and explicitly, but indirectly, through education quality, defined as follows: a set of features of a program and its provider, through which are satisfied beneficiaries' expectations and quality standards. Quantifying performance in schools is made through performance indicators.

Starting from different definitions and approaches on performance indicators (Sauvageot, 2003) experts define indicators as conceptual technologies which determine WHAT is considered important in the evaluation and HOW are those elements, so that performance indicators are the bearers by default of the institutional normative premises. Other specialists on this field (Vlăsceanu et al, 2007) believe that performance indicators are statistical parameters representing a measure of the degree to which an educational institution or training program performs on a specific dimension of quality. Also, performance indicators may represent numerical values used for measuring something difficult to quantify, being distinguished from mere statistical management by the fact that, involves a reference point, such as standard or a "comparer". Research findings on how to define performance indicators are based on the assumption according to which *performance indicators mediate directly between goals and results*. Moreover, quality and performance must characterize all the public and private institutions, especially educational institutions, so that performance becomes the major objective of the whole society.

### **Perception of performance in public education institutions through indicators**

In preparing the indicators, an important role is played by creating the frame of reference which will carry out the assessment: for whom, for what? It is envisaged to assess the performance

using the indicators which occurs mainly on two coordinates: the responsibility of the educational institution towards the financing entity (the state if the case of public institutions) and evaluation for quality insuring the quality at the institutional level. Moreover, performance indicators have the following characteristics:

- They are statistical indicators that provide an objective measure on how an educational institution performs and allow the institution to define its own performance as a benchmark (reference point), enabling inter-institutional comparisons;
- Is a tool for measuring the degree of achievement of an activity conducted by an organization providing education in relation to a standard;
- Identifies those results that vary from a minimum acceptable level up to a maximum identifiable level. The minimum level of performance indicators meets the requirements of a standard, and the maximum correspond to reference standards, are optional and distinguish the quality for institutions in a hierarchical progressive manner.

The need to optimize the educational activity, the implementation of an efficient management, quality assurance and compatibility of educational systems has led to numerous investigations in this area by adopting, as a theoretical reference framework of some organizational models explaining the functionality of the educational system and establishing a system for performance appraisal. Each model generated by default has a specific philosophy on the method for evaluating institutional performance, design and use of performance indicators at school level.

Therefore, assessing the performance of the education system must use a system of indicators grouped by policy areas of education, by level of education or components, on the priorities and objectives of reform programs. The purpose for using indicators in the public educational institutions is to increase the quality of this public service. But, the existence of a relevant system of performance indicators, involves considering the following fundamental aspects:

- Existence of legal framework which will establish the legal limits for defining such indicators;
- The existence of a general reference framework covering a number of issues related to the performance concept, performance indicators and methodology for their application, without which comparable measurements would be impossible to make;
- developing a system of unitary performance indicators, but also diversified on a national level according to the cascade approach and customizing it for each public institution of higher education on a local level;
- continuity and continuous improvement of the performance indicators system for public educational institutions;
- continuous monitoring of the system and advice for applying, reviewing and evaluating the performance indicators at school level.

Beyond this frame of reference, but in a close relationship with it, the functions of performance indicators in relation to the type of responsibility assumed at the public education institution can be defined on several levels, as follows:

- to ensure the comparability of institutional performance by standardizing key aspects of defining and ensuring the educational process;
- information on the objectives of effectiveness of institutional strategies;
- informing the key stakeholders about the quality of education and the impact of the institution.

Also, the criteria, the standards and performance indicators are formulated so that the emphasis should not be put only on the compliance of an organization at a predetermined or predefined set of quantitative and qualitative terms, but also on the deliberate employment, voluntary and proactive of the institution for assessing some demonstrable performance by actual results.

In higher education institutions, the performance is measured based on a model developed by the appropriate body respectively Romanian Agency for Quality Assurance in Higher Education (ARACIS). The pattern of evaluation of the institutions from the coeducation system includes the quartet: field-criteria-standards-performance indicators. Corresponding areas of educational institutions are:

1. Institutional capacity
2. Educational efficiency
3. Quality management

If the first field (institutional capacity), higher education institution sets its objectives in line with the benchmark, in order to assert as an autonomous institution in higher education, an institution that produces and transmits knowledge, supports activities leading to the objectives set by the relevant structures: institutional, administrative and managerial. Higher education institution (domain case- educational effectiveness) organizes teaching, learning and research activities, continuously relating to a high level of performance and transfer knowledge and technology. As a result, it is a field for assessing the educational quality in higher education institution and considers the level of education effectiveness. Among the criteria for evaluating educational effectiveness we recall:

- the design of the objectives and results by:
  - A clear statement that can be easily understood;
  - Adaptation of university specializations;
  - Use appropriate internal assessment procedures.
- learning achievement (adequate framework for learning organization) based on:
  - plans, curricula, teaching methods and techniques, evaluation of students;
  - careful selection of teachers;
  - resources used to create learning facilities;
  - establishing flows of teaching, learning and examination of students;
  - extracurricular activities of students.

The third area of quality assurance refers to quality management. The fields covers the strategies, structures, techniques and operations by which the school evaluates its performance and increase the education quality assurance and it is based on information systems which reflect the results obtained both for learning and research process. The importance of this field is that educational institution manages quality assurance at the total activities level, while at the same time publishes information on a certain level of quality.

Being complementary fields, their use is lawfully binding. In accordance with the set mentioned above any higher education institution must have the resources and structural information on the three areas, but also take into account its profile and the objectives to be met. The responsibility for developing and implementing strategies based on quality according to the three areas comes to the manager of higher education institution through the evaluation committee and ensuring the quality of that institution.

The three areas determined by law are characterized by the criteria referring to each area and represent fundamental aspects regarding the organization and operation of entities providing public services (education). But to each criterion it corresponds a set of standards, whose role are:

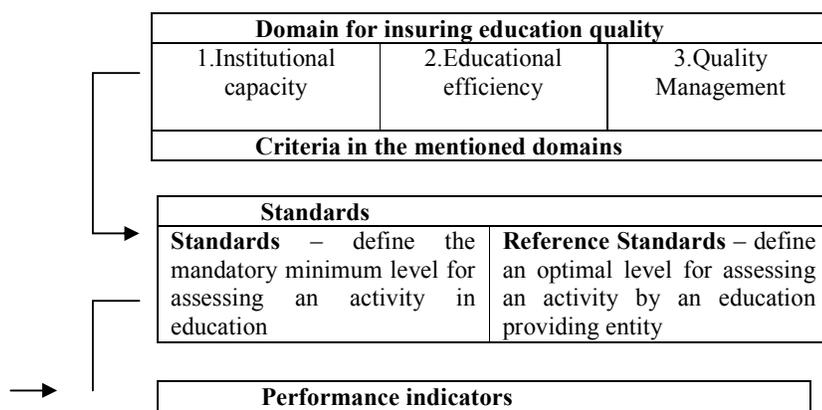
- orientation of higher education institutions in order to assess their performance results and to identify those areas that are crucial in order to improve performance;
- implementation of an appropriate framework for developing self-evaluation reports;
- to provide the basis for external evaluation;
- provide a common framework of reference to ensure quality and also the accreditation.

Moreover, each field corresponds to a set of standards, and to each standard corresponds a set of specific indicators of performance. Performance indicators have values ranging from a mandatory minimum to a reference level which is recommended. Minimum or maximum values

(their variation to be more precise) are determined following the experience of several universities in the country and of the European Higher Education Area.

A minimum level indicator provides only conditions for provisory authorization or accreditation of higher education institutions. Thus, higher education institutions may establish a specific period of time (e.g. 4 years, for a management mandate), a position comprised between the two values (minimum and maximum) corresponding to an indicator.

But the higher education institution may opt for a higher level of the indicator or even aim at achieving their own reference standards, distinguishing it from the standpoint of quality of other institutions. In the national education system, criteria, standards and performance indicators are formulated so that emphasis is placed on employment intentional, voluntary and proactive institution to achieve performance and results, in addition to other quantitative and qualitative terms. Hierarchical relationships are established between them (Fig. no. 1):



**Fig. no. 1 – Correspondence and hierarchical relations between domains, criteria, standards and performance indicators**

Performance criteria are often included in funding formulas and are generally considered incentives for efficient use of the results. However, public sector, implicitly education, especially higher education, performance measurement process is difficult to quantify because of:

- plurality and diversity of educational institutions;
- differences of values and perceptions they have about performance, different elected representatives of those institutions;
- absence of a genuine competitive environment, which should based on value;
- the nature of the public services;
- socio-political complexity, which generates a number of risks with direct influence on assessing performance;
- influence of political values.

At the same time, performance criteria should be set, criteria which take into consideration the results obtained by an institution in a previous period of time. Such a connection is established between the amount of allocated public funds and the ability to best use the resources received by a certain period of time, measured for example by the number of students who finished the year with good results or the number of bachelors. Research model for defining and measuring performance from higher education institutions show the following:

- The important role of university autonomy in obtaining the maximum level of indicators and by default in delivering a high quality of the educational process and institutions;

- Facilitates benchmarking activities, respectively, comparing institutions with each other in terms of market share, research performance or cost, but also within the entity, by comparing individual performance;
- Performance is synonymous with quality education;
- Performance is synonymous with management reliability and quality of the entity and by default, of the entity;
- performance involves the use in conditions of efficiency, economy and human resources effectiveness, financial and material;
- Performance is not a state, it is built by pooling efforts of everyone involved in education process;
- Provides orientation toward performance of the institution and of all its activities and for maximizing the performance;
- Provides a management system based on performance evaluation using specific performance indicators defined and strictly in accordance with international standards both in terms of inputs and the outputs.
- Although financial performance is a criterion of qualitative performance, there doesn't exist a direct and real relationship between performance quality of the institution and its funding, since education is based on the principle of *performance creates performance*.

Through the research carried out we identified several courses of action to improve the quality and performance in public institutions of higher education:

- Increase funding as a percentage of GDP spent on education, in this case tuition;
- Comprehensive and real definition of the correlation existing between the performance of the institution and its funding from public sources;
- Increase funding of resources through public private partnership development;
- Increasing the university autonomy in managing financial resources but by introducing rigorous mechanisms for evaluating the amount to the extent to which public institutions of higher education effectively and efficiently spend these resources;
- Increasing the mobility and international competitiveness of students, teachers and researchers;
- Ensuring Bologna - Lisbon consistency when approaching the development of higher education emphasizing that targeting competitiveness it is not possible when using policies based on minimum standards but orientation toward performance must be encouraged if a performant and competitive economy, based on knowledge is desired.

As in all areas, also in higher education the economic crisis has affected not only the allocation of budgetary resources, but also the improvement and increase in management performance. Performance cannot be achieved without investing in individuals, in the education process and thus the institution. Obtaining higher quality and performance are closely related by the financial resources, but we consider it is necessary especially in conditions of economic crisis and also a better management of public resources allocated to higher education and diversifying the financing mechanism of public institutions by extending public private partnership.

## Conclusions

Research carried out highlights the difficulty in defining and measuring performance in public institutions of higher education field due to: plurality and diversity of educational institutions; differences in values and perceptions they have about performance; different elected representatives of those institutions; the absence of a genuine competitive environment, which

should be based on the value; the nature of public services; the complexity of socio-political environment, which generates a number of risks with direct influence on delivering performance.

In our opinion, the performance of the education system is defined by the quality of education, namely, by the credibility of the institution. Therefore, national assessment model in the field of higher education institutions, based on field quartet - criteria - standards - performance indicators, define explicitly the qualitative performance of the entity, determined on a scale of qualifiers. The analysis identifies a major shortcoming of the model generated by no real correlation between the qualitative performance of the entity and its funding from public resources, although financial performance is a criterion for evaluating performance quality.

Starting from the principle according to which performance generates performance, through the research conducted explicitly we propose the inclusion in an explicit manner, within the existing evaluation models and financial performance indicators, in order to insure the binder between qualitative performance of the institution and its own financing from public resources.

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