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Resource-based planning and further goals in the Hungarian Central Statistical Office

Submitted by Hungarian Central Statistical Office

INTRODUCTION

1.   The question has been raised continuously in the Hungarian Central Statistical Office (HCSO) since 2004, of what kind and what amount of resources would be used to carry out public sector tasks. It was also a question how those tasks can be separately identified, systematised and how can we measure their performance.

2.   In case of such an organization as the HCSO, which carried out the regional reorganization among the first public administration offices in Hungary (resulting in 6 regional offices instead of 19 county offices), and which' main objective was the modernisation of the organization in 2005, the use of a planning and assessment system, giving answers to such questions could have been already of a great use some time earlier.

3.   A pilot resource planning system was installed in HCSO, which takes management controlling aspects into account. This resulted in a task financing- based approach and work organisation, and consideration of financial questions during our daily work. Consequently it supports the Office's financial activity, enhances it's bargaining position by providing relevant

data when discussing central government budget plans, helps to determine resource requirements for professional tasks and to decide whether to undertake a job or not.

4.	Several ways of further utilisation are possible in case of such a planning and analysing system. Workflows can be identified from the input side and accurate information can be obtained on resource demand. The tasks of organizational units can be accurately specified and followed, and it can be also found out from the system which other organizational units participate in a comprehensive task. The multiplying effects of overtaking a task or undertaking a new task that concerns collaboration with other units, could also be identified. So the office's units can be managed as a whole. This is being recently called the „single office" principle in the HCSO.
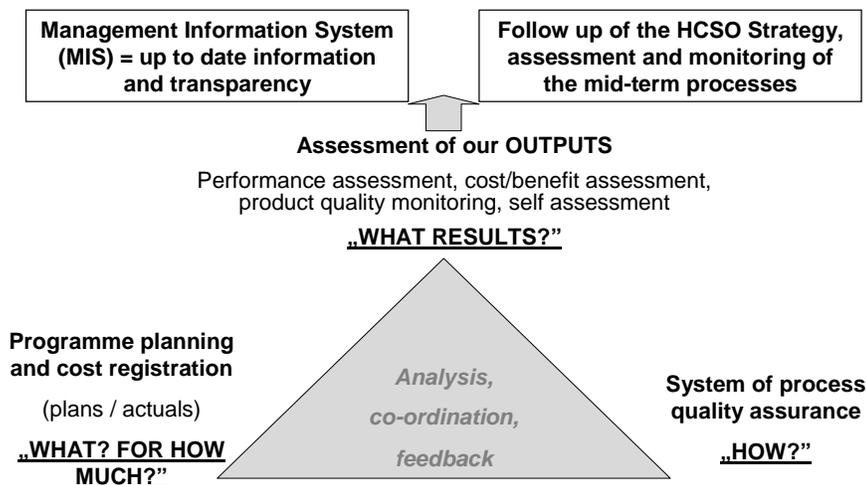
5.	The resource requirements can be planned and measured each month and the fluctuations can be seen between months. It can be found out from this information which unit can undertake an extra job in a certain period of the year, or where interventions are necessary because of the above-capacity job undertaking. If there is an organizational strategy (as is the case in HCSO), the short-term (annual) objectives can be defined from that. The tasks of the organizational units can be determined from the annual objectives. If we make these data public – following the example of Central Statistics Office Ireland - the organization's medium-term policy, the tasks and the resource demand will be more transparent.

6.	Increased transparency in the society will place more confidence in the operation of the organization.

7.	What kind of achievement can be expected from a resource planning system?
	(a)	Identified workflows
	(b)	Measurable workload and resource-based allocation
	(c)	Cost-based determination of priorities (but this must not be the only aspect when determining priorities!)
	(d)	Better documented operation
	(e)	Disclosure of operational problems
	(f)	Determination of responsibilities
	(g)	Strengthening of motivation on organizational level
	(h)	Uniform information flow
	(i)	Subsequently higher efficiency

Structure of corporate controlling
(for management purposes) in HCSO

| **Management Information System (MIS) = up to date information and transparency** | **Follow up of the HCSO Strategy, assessment and monitoring of the mid-term processes** |

Assessment of our OUTPUTS

Performance assessment, cost/benefit assessment,
product quality monitoring, self assessment

„WHAT RESULTS?”

Programme planning and cost registration

(plans / actuals)

„WHAT? FOR HOW MUCH?”

Analysis, co-ordination, feedback

System of process quality assurance

„HOW?”

I.   THE INPUT SIDE (PROGRAMME PLANNING, COST REGISTRATION)

8.   The fundamental idea is that steps are required for making resource-utilization measurable in the public sector. Currently organizations in the public sector in Hungary are not able to measure properly the application of human resource costs, even though these make up to 70% or more of their budget. They haven't got the proper starting-point to meet management decisions on organizational reforms, task-rearrangement or on other relevant questions. In absence of the essential information, the management often has difficulties when deciding on above-mentioned questions.

9.   How can we start it? The point of origin is that the resource-demand has to be measured in terms of tasks - planned for the current year - and in terms of their workflows. HCSO has created two basic nomenclatures of "activities" and "programs". The program nomenclature is being used to identify the tasks that need human resources.

10.   So a task is considered as a "program element" if it can be separated from other tasks, but due to some parameters it may be grouped with other, similar tasks. A program element can be a professional subject matter or an administrative task. A program element in HCSO is typically a statistical survey, a development project, a data supply, a yearbook, financial tasks, etc. These program elements are grouped into a 4 level program hierarchy to form aggregated groups of programs. The number of program elements is over 550 in the year 2007.

11.   "Activities" in HCSO are those typical sessions that determine the workflow of a program element. This nomenclature contains over 60 activities grouped into a 2 level hierarchy.

12.   The nomenclature of activities and programs must be compiled by the experts and the management of the organization. It took about two years for us to define these nomenclatures, and to consolidate them, as in the first year they had about the double size. An important improvement was to filter out redundancies.

13.   Though there can be programs (mainly the administrative and operational programs) and activities that are typically used by all units, it is very labour-intensive to create the frame of professional tasks that are typical to only a given organizational unit or a few of them. A two-way iteration is needed between middle and top managers to do that. The Rules of Operation and Organization can be a good source for the iteration.

14.   The nomenclatures must contain exact descriptions on the content of each element. These nomenclatures should be detailed to a certain extent, but if they are too detailed, we will have too many programs and activities to plan and anlyse. And don't forget that organizational units (departments and sections) form a further dimension in the system what makes planning more complicated.

15.   An important question is what kind of data are needed for planning. The most important data are:
   (a)   work capacity : the limit of manpower in a certain unit;
   (b)   man-day: the measurement unit of utilized capacity;
   (c)   other costs, investment plans and estimated cost factors (like telephone usage for example).

16.   In order to plan a program element, firstly it is needed to register it into the nomenclature since a unit can implement only such tasks that are parts of its work program. In HCSO a presidential regulation rules the process and it contains a sample e-document needed to be filled in, if a new program element should be added. This means that the unit's work program is amended during the year upon request. In the case of some cost factors direct data entry is not required for planning. Several types of costs are estimated from previous years' experience and with the use of some statistical methods.

17.   Briefly from the technical side: in order to have a good planning system, the IT background has to include the following components, which all use the same nomenclatures for data identification:
   (a)   an electronic registry of working hours should be used instead of a paper form attendance register. It's function is the distribution of working hours in accordance with the mentioned nomenclatures. This system aggregates data to organizational units, and the aggregated data get into the planning system's "actuals";
   (b)   an integrated financial and accounting system which is able to manage the program nomenclature. So receipts, bills of non-salary costs can be associated with a program element. These data get into the planning system's "actuals", too;
   (c)   a database management system is required. It's needed to use the multidimensional database as it stores the plans and actuals. The front end is the surface for direct entry of planned data.
   (d)   a transaction system is required to modify the basic nomenclatures if needed, manage other, program related data and transfer the updated input data from the above

mentioned 3 systems to the multi dimensional database. In HCSO, this system is maintaining the nomenclatures directly on meta-level, so modifications apply for all systems that use them, immediately.

18.   It has to be emphasized that the most important effect of introducing this system is that it facilitates managers (heads of units and departments, and the top management) to learn a kind of a system approach thinking. Managers are not only responsible for organising their own units' subject matter and planning work, but for the tasks and for people who are partners in the tasks. So those people who are responsible for a program, are forced to co-operate with those who are participating in a program with their resources.

II.   THE "THROUGHPUT" (PROCESSES) AND OUTPUT SIDE

19.   The achievement and the utility (benefit), thus the output must also be clearly identified. The evaluation of the outputs is a very complex task. The information coming from the system can be utilized in many ways.

20.   This information can be used to determine performance indicators. Evaluating performance is easier in the case of those who participated in "final" output production. When evaluating the organizational unit, the costs they needed can be taken into account to compare with their results. The performance measurement can start with the monitoring of resource-utilization, then it shall be completed with information regarding to the
          (a)   quality of products;
          (b)   quality of processes;
          (c)   other output indicators concerning
                    - quantitative results,
                    - the external stakeholders' needs and interests.

21.   So a whole quality cycle will be available that includes input planning and measurement, process-monitoring, utilization, internal and external judgement of accomplishments and finally the feedback to the managers.
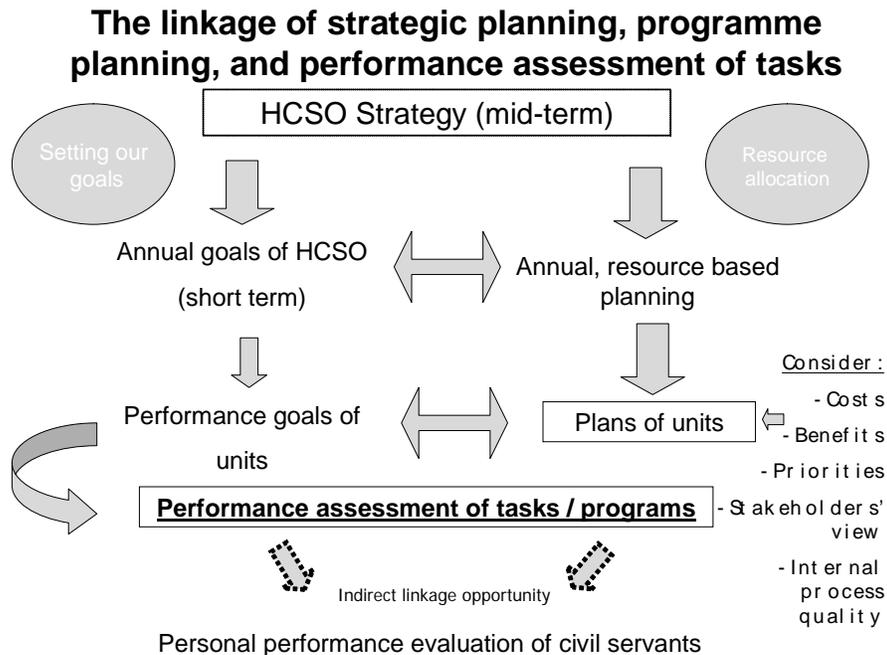
22.   The effectiveness of the organizational operation will be measured and the comprehensive arrangements in that approach, including the resources used can be examined by the following questions:
          (a)   Are there any external needs to produce the given output (e.g.: the task is
                    enacted by national or international law)?
          (b)   Does the output respond to the needs of the user community that we aim to
                    serve (e.g.: Is a given publication able to raise interest? Where does a publication
                    appear? How many people download data from a given database etc.) ?
Needs for organizational improvement could occur in this circle, too.

23.   Currently it is being planned in the HCSO to survey user satisfaction on a regular basis, and also to follow data utilization more systematically on our website. It's very important to analyze not only resources but also other professional aspects, too, in order to get a general idea.

24.   If the top management wants to increase efficiency, they can determine the following aims. E.g.:

(a)   producing the same achievement with less resources in the next year;

(b)   setting new priorities on the usage of the units' free capacity.

25.   There is a multiplying effect if low priority tasks are dropped, it results in free capacity not only in the unit that is responsible for the implementation of the program, but also by those who contribute to it.

26.   On the other hand to increase efficiency new methods have to be implemented, in order to be able to produce the same quality with less resources.

27.   This information can be used for a comprehensive organizational reform, for the centralization of tasks and for the determination of new tasks. It is also proposed to have a Management Information System based on the intranet to gather operational information from the organisation. HCSO introduced such a page and a connecting database in 2007. The data the management gets from this system can be used for benchmarking and management decision making.

28.   The link between performance assessment and input planning / assessment can be seen on the next figure:

The linkage of strategic planning, programme planning, and performance assessment of tasks

HCSO Strategy (mid-term)

Setting our goals

Resource allocation

Annual goals of HCSO (short term)

Annual, resource based planning

Performance goals of units

Plans of units

Consider:
- Costs
- Benefits
- Priorities
- Stakeholders' view
- Internal process quality

Performance assessment of tasks / programs

Indirect linkage opportunity

Personal performance evaluation of civil servants

29.   To sum up: the task-financing and result-oriented development in the Hungarian public sector, which is currently under the same reform that HCSO carried out two years before, can result in positive achievements in two fields:

30.	Relevant information can be obtained about the operation of the organization that can be a base for management decisions, and transparency can be provided for the society.

31.	This concept will be successful if the resource (input) and result (output) information are used in order to reach the strategic goals and to carry out changes and modernization programmes. In addition, the information can be used to measure the work and make it available to the society to get better acquainted with the work of the public sector.

32.	With this system HCSO made a large step towards the evaluation of the performance of an organization in the aspects of costs/benefits and tasks. If this strategic thinking becomes generally accepted in the public sector, it will be more transparent for the citizens. They can get information about the organization not only from their Rules of Operation but from a detailed document (the strategy) which includes explanations and background material on accomplishments. So they get information about the general rules of a given organization and they can also see what kind of tasks the organization does within a given period. The priorities in the operation and relevant information about improvements are also subjects for wider transparency.

33.	Consequently, if the information on resources, costs and outputs will be fully available, the acceptance of HCSO's activities will significantly increase, also resulting in a more efficient operation for the organization itself.

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