MANAGEMENT AND TRAINING

Managing Performance System towards integration with planning and controls

Oslo (Norway), 12/14 September 2018
Italian Legislative background

1990's
- Laws No. 241/90 and Lgs. Decrees No. 29/1993 => 11 regulatory initiatives to implement the reform

2009
- Lgs. Decree No. 150/2009 to optimize productivity in public sector

2015
- Lgs. Decree No. 33/2013 and Enabling act No. 124/2015 => 26 regulatory initiatives to reorganize all public organizations

✓ Devolution, outsourcing and “administrative federalism”
✓ Civil Service Reform
✓ Public services privatization
✓ Simplifying regulatory and administrative burdens
✓ New Public Budgeting
✓ e-Government
✓ A more transparent and comprehensible public sector
✓ Reorganization of public organizations
The concept of performance concerns **not only efficiency and effectiveness** but also includes the ability of the public administration to embody the **fundamental values of: transparency, integrity, equity, participation, and accountability**.

**The Main Objectives of the Italian Reform**

- **Civil servants reform**
- **Anticorruption and transparency**
- **Open government**
- **Public service delivery**
- **Accountability and control systems**

**New standardized procedures and tools able to maximize organizational performance**

- **Rewarding employees equitably**
  - accountability
  - integrity
- **Improving results**
  - citizens participation
  - transparency

**A PERFORMANCE-ORIENTED PUBLIC SECTOR**
A Performance Oriented Public Sector

BEFORE

• a formal/juridical approach
  • compliance with laws and procedures with no regards to quality and results

AFTER

• a performance oriented approach
  • quality service and customer satisfaction
  • merit based management
  • motivated employees
  • support to decision making processes
  • internal and external accountability

Legal formalism and compliance logics

Concrete useful implementation

Integration, coordination and cooperation

more specific and operative instruments and guidelines

more flexibility

less but clear and focused rules

administrative penalties

law requirements

robust system of evaluation
Performance: Definition, Characteristics, Objects

“The contribution (comprising both behaviors and results) that single subjects (them being employees, departments, or organizations as a whole) bring through their actions in order to reach settled goals and objectives in an efficient and effective manner”

(Deliberation no. 112/2010 of the former Independent National Authority CIVIT)

To increase performance and motivate individuals, it is important to

- Recognize excellence
- Provide learning and development opportunities
- Improve individual and organizational goals alignment
- Offer rational for evaluation decisions
- Identify areas needing improvement
- Provide support for decisional processes
Performance: the process

Measurement and evaluation are distinct but complementary activities.

- **Performance measurement** implies the quantification of the level of results achieved and of the outcome produced, using indicators and targets.

- **Performance evaluation** consists in the analysis and interpretation of such measures, to give a value to the results achieved, considering the context and the factors that may have influenced such a value, recognizing responsibilities.

Performance evaluation process
ISTAT’s performance evaluation system: Aims

An **effective performance** cycle should not just be the means to

- evaluate, reward or amend employees

It should actually be an **agile system**, able to

- motivate individuals
- support decision-making processes
- organizational accountability
- communicate with internal and external stakeholders
ISTAT’s performance evaluation system: The Performance Cycle

Based on its **mission, context, stakeholders’ relationship and financial constraints**, ISTAT:

- defines its **strategic goals**, covering all the organization’s activities
- **make up** the reference term for the **3-years strategic plan** assigning targets to all the organization.

So, **by law**, at the beginning of the cycle, ISTAT **publishes 2 documents** on its website:

- **the Performance Plan** - a 3-year program document, **by January 31st every year**, displaying: **objectives, indicators and targets, according to available resources**;
- **the Performance Report** - **by June 30th of the year following** the reported period, describing results and evaluations, pointing out any deviations from the expected organizational and individual goals as well as the corrective actions.
ISTAT’s performance evaluation system: Principles

The principles upon which the architecture of Istat’s Measurement and Evaluation Performance System is based are:

- Sharing
- Participation
- Integration
ISTAT’s performance evaluation system: Principles

Sharing

Concerns the full and independent access to relevant information of managerial, administrative and evaluation processes.

Leads to reciprocal advantages in terms of

- information exchange
- timely deviations warning
- definition of appropriate corrective actions
- supporting and controlling processes

Participation

Concerns the possibility for both external and internal stakeholders to express their satisfaction regarding services and products by means of Customer satisfactions surveys and Communications.

Customer satisfaction results should be considered when measuring and evaluating organizational performance.

Integration

Concerns the monitoring and evaluation of the effective coherence among: the performance cycle, financial data and plans, strategic plans, also setting specific objectives related to anti-fraud (or anti-corruption in a broad sense) and transparency policies.
Organizational performance

“Performance” regards the results of the organization as a whole and of each department.

The evaluation is attained analyzing the goals achieved, in relation to their alignment to strategies, considering successes and failures and comparing these values with those registered throughout the years.

In particular the evaluation concerns:

✓ the implementation of strategies
✓ portfolio of activities
✓ administration’s health check
Individual performance

Individual performance measurement and evaluation regards different categories of employees.

top managers

senior managers

all other employees
Individual performance: Top and Senior managers

- **top managers**
- **senior managers**
- **all other employees**

Individual evaluation of **Top and Senior managers** concerns on a scale from **0 to 100** points.

**1. accomplishment of individual goals** and business unit’s goals (**35 max**);  
**2. personal contribution** to overall organizational goals (**35 max**);  
**3. behavioral expectations and ability to evaluate employees** on their results (**30 max**).

**1. Evaluation of individual results**

- It is the **outcome of indicators and targets** that are **assessed by collecting data** and information from the **managerial control system** and any other useful one.

- The **total score** regarding the **individual goals** is determined **by the weighted average** of the **scores registered by each operational goal** which, in turn, **comes from the weighted average** of the **value of the indicators**.
1. Accomplishment of individual goals and business unit’s goals (35 pp.)

<table>
<thead>
<tr>
<th>Target</th>
<th>Weight</th>
<th>Expected Output</th>
<th>Weight</th>
<th>Output Indicator</th>
<th>Target</th>
<th>Value</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Implementing a new Planning &amp; Control System</td>
<td>40%</td>
<td>Biannual Monitoring results</td>
<td>50%</td>
<td>ON/OFF</td>
<td>1</td>
<td>1</td>
<td>50%</td>
</tr>
<tr>
<td>2) To put in place new HR information system</td>
<td>40%</td>
<td>State of play of the Project</td>
<td>100%</td>
<td>Number of components in service / Total amount of the components</td>
<td>85%</td>
<td>80%</td>
<td>94%</td>
</tr>
<tr>
<td>3) Updating Services charter and administrative procedures</td>
<td>20%</td>
<td>To set up a new procedures catalog and to update the existing ones</td>
<td>100%</td>
<td>Number of analyzed service Charter and administrative Procedures / Total amount of service Charter and administrative Procedures to be updated</td>
<td>90%</td>
<td>75%</td>
<td>83%</td>
</tr>
</tbody>
</table>

**Total** 100% = 35

**Weighted Result** 31.6

90.3%
2. Contribution to overall organizational goals (35 pp.)

Evaluation of the business unit’s results

The **total score** regarding the **business unit’s goals** is determined by the weighted average of the **scores registered** in carrying on each activity by the business units under the manager’s coordination of the value of the indicators.

*Behaviors evaluation sheet for Top and Senior managers - Example*

<table>
<thead>
<tr>
<th>Units</th>
<th>Goals</th>
<th>Objectives</th>
<th>FTE</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>XX1</td>
<td>Developing an Integrated Information Management System</td>
<td>100%</td>
<td>115</td>
<td>90%</td>
</tr>
<tr>
<td>XX2</td>
<td>Social accountability System and Organizational Well-Being</td>
<td>100%</td>
<td>42.5</td>
<td>95%</td>
</tr>
<tr>
<td>XX3</td>
<td>Improvement of the statistics on Public Finance</td>
<td>100%</td>
<td>80.3</td>
<td>100%</td>
</tr>
<tr>
<td>XX5</td>
<td>Mapping and definition of the main processes and procedures</td>
<td>90%</td>
<td>21.3</td>
<td>80%</td>
</tr>
<tr>
<td>XX6</td>
<td>Implementing of the Data register integrated system</td>
<td>75%</td>
<td>212</td>
<td>50%</td>
</tr>
<tr>
<td>XX9</td>
<td>Statistical culture enhancement</td>
<td>80%</td>
<td>16.1</td>
<td>70%</td>
</tr>
</tbody>
</table>

| Weighted Result | 30.8 | 88% |
3. Behavioral expectations and ability to evaluate employees (30 pp.)

- **Evaluation of behavioral expectations** regards the competencies expressed by managers, the relational **skills to motivate** and **enhance staff** and their **support to top managers**.
- **Each set of behavioral expectations** is characterized by different skills scaled by relevance.
- **The score** is calculated by the **weighted average of the score** assigned to each skill.

### Behaviors sheet for Top and Senior managers - Example

<table>
<thead>
<tr>
<th>AREA</th>
<th>FACTOR</th>
<th>WEIGHT</th>
<th>HIGHEST SCORE</th>
<th>RESULTS</th>
<th>WEIGHTED RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGANIZATIONAL CAPABILITY</td>
<td>Capability to take initiative</td>
<td>10%</td>
<td>3,0</td>
<td>0,9</td>
<td>2,7</td>
</tr>
<tr>
<td></td>
<td>Problem solving</td>
<td>13%</td>
<td>4,0</td>
<td>1,0</td>
<td>4,0</td>
</tr>
<tr>
<td></td>
<td>Approach to constraints</td>
<td>10%</td>
<td>3,0</td>
<td>1,0</td>
<td>3,0</td>
</tr>
<tr>
<td>LEADERSHIP</td>
<td>Internal resources knowledge</td>
<td>8%</td>
<td>2,5</td>
<td>1,0</td>
<td>2,5</td>
</tr>
<tr>
<td></td>
<td>Well-being, equal opportunities protection</td>
<td>8%</td>
<td>2,5</td>
<td>1,0</td>
<td>2,5</td>
</tr>
<tr>
<td></td>
<td>Ability to motivate</td>
<td>8%</td>
<td>2,5</td>
<td>1,0</td>
<td>2,5</td>
</tr>
<tr>
<td></td>
<td>Inter-organization cooperation</td>
<td>8%</td>
<td>2,5</td>
<td>1,0</td>
<td>2,5</td>
</tr>
<tr>
<td>STRATEGIC ORIENTATION</td>
<td>Impact awareness</td>
<td>10%</td>
<td>3,0</td>
<td>1,0</td>
<td>3,0</td>
</tr>
<tr>
<td></td>
<td>Customer orientation</td>
<td>13%</td>
<td>4,0</td>
<td>0,9</td>
<td>3,6</td>
</tr>
<tr>
<td></td>
<td>Capability to relate with external players</td>
<td>10%</td>
<td>3,0</td>
<td>1,0</td>
<td>3,0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>WEIGHTED RESULT</strong></td>
<td><strong>100%</strong></td>
<td><strong>30,0</strong></td>
<td><strong>9,8</strong></td>
<td><strong>29,4</strong></td>
</tr>
</tbody>
</table>

**The final score evaluation** is the sum of the weighted results regarding: **Individual objectives, Business unit’s Objectives and Behaviors**: 31,6 + 30,8 + 29,4 = 91,8/100
Individual performance: All other employees

Individual evaluation of all other employees concerns:

- ✓ personal contribution to department and team goals (100%=100 points max)

Evaluation sheet for all other employees - Example

<table>
<thead>
<tr>
<th>Goals</th>
<th>Indicators</th>
<th>% Employment</th>
<th>Targets</th>
<th>Results</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of services and instrumental/general</td>
<td>Acquisitions made/Acquisitions to make</td>
<td>10%</td>
<td>100%</td>
<td>90%</td>
<td>-10%</td>
</tr>
<tr>
<td>Development, implementation and integration of statistics on tourism</td>
<td>Data sent to Eurostat/Data to send according to Regulation</td>
<td>30%</td>
<td>100%</td>
<td>95%</td>
<td>-5%</td>
</tr>
<tr>
<td>Short-term indicators</td>
<td>Macro data timely sent to Eurostat/Macro data sent complying with UE Regulation</td>
<td>40%</td>
<td>100%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Scientific meetings, seminars and events</td>
<td>Events managed/events planned</td>
<td>15%</td>
<td>100%</td>
<td>95%</td>
<td>-5%</td>
</tr>
<tr>
<td>Social channels management</td>
<td>Increase of followers on Twitter</td>
<td>5%</td>
<td>120%</td>
<td>125%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**WEIGHTED RESULT** | **97** | **97%**
On going development: RM integration

- Risk Management project started with the aim of improving the quality of all organizational processes by creating a synergy among the different forms of planning.
- Risk Management System ran the experimental phase.
- Risk Management System was embedded into institutional and recurring planning tools in Istat, both for strategic and operational purposes, covering all other organizational areas and administrative processes.
- Istat included the risk category of fraud within the Risk Management system setting up a single catalog including both organizational and corruption risks. The measures aimed at containing or eliminating risks have been associated with specific goals assigned to managers, becoming part of the performance evaluation system.
- Istat decided to further extend the risk management method to technical processes in order to increase the quality level of the statistical production.
- Istat is working to apply risk management techniques within the Quality Asset framework to facilitate the respect of the principles established in the Code of European Statistics and the GSBPM which standardize statistical processes.
- Istat is planning to integrate performance and other managerial processes, such as Risk Management and HR development, with GAMSO which standardize business processes.
**Next steps**

- **Merit recognition** and a fairly advanced organizational culture **impact positively** on motivation, productive work environment, improving values and efficiency, producing an **added value greater** than the **mere sum** of the **single result**.

**BUT IT ALSO SHOULD BE CONSIDERED THAT**

- **Individuals generate outstanding results** and **outstanding results** also impact on individuals behaviors along the virtuous cycle of **“double effect”**

In the longer term, the aim is **to implement an effective performance-oriented management system to improve efficiency and effectiveness and the quality of services** while **rewarding and motivating all employees**, increasing their professional resilience skills in a ever-changing organization.
Thank you for your attention.