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### Managing Performance System towards integration with planning and controls

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#### Topic 1: Measuring progress and performance

##### Abstract

*According to the recent Italian legislative reforms which have been pushing all the public administrations to strengthen their planning and control systems, ISTAT has developed a Performance Measurement and Evaluation System which for the next three years 2018-2020 proceeds towards integration among the different management plans aiming at enhancing all the Institute's areas of activity, including production and statistical quality.*

*The "integration" goal also comes up from the legislative framework, which is spreading in Italy in terms of preventing corruption and promoting transparency in relations with stakeholders; this framework is addressing public administrations towards including objectives dealing with anti-corruption as referring to managers and all the staff.*

*Therefore, based on the experience gained in the past few years in terms of risk management, Istat has decided to follow an "integrated vision" of the Performance Planning Cycle, inserting risk management within the planning and control tools, by measuring the results through specific indicators.*

*Depending on the results deriving from monitoring and controls, a variable portion of the salary is attributed to managers and employees.*

*At the same time, the Performance measurement and assessment system is considered an opportunity to aim at improving the organization and developing the personnel's organizational behaviors in order to enhance the quality of services and products provided.*

*The paper is structured as follows: the first section presents the legislative background that introduced performance-oriented management in Italy and describes its main characteristics and principles. The second part briefly presents Istat's performance measurement and evaluation system and future developments.*

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## Preamble

The modernization and the innovation of the public sector have been an objective for most European countries during the past years, generally focused on developing open government, anti-corruption and transparency, enhancing accountability and control systems, improving public service delivery, and organizing and motivating public servants. In all these reform initiatives performance management has played a pivotal role.

The Italian reform regarding Public administration is in line with this international trend as one of the drivers for completing such a revolution was the implementation of the performance-oriented management in all public organizations: new standardized procedures and tools able to maximize productivity and drive overall organizational performance, by rewarding employees equitably while increasing accountability, transparency, and citizens participation.

The traditional performance cycle begins with the setting of strategic goals, assignment to departments and individuals, periodic and annual evaluation of achievements based on fixed results metrics and behavioral expectations. Finally recognizing the strategic role played by human resources for organizations' success, the Italian reform progressively enriched the traditional scheme by adapting tools and methods to the public sector's needs and peculiarities. Namely, attaining reform goals

certainly entailed a robust system of evaluation, to attribute incentives and rewards based on merits, results, and accountability, considering transparency and integrity a fundamental aspect of the framework. In addition, it also required: less but clear and focused rules in order to replace legal formalism and mere compliance logics with a concrete and useful implementation of the reforms; more flexibility for recognizing each public administration's necessities and prerogatives; more specific and operative instruments and guidelines to improve integration of the performance cycle with other managerial and decision-making systems; coordination and cooperation among public administrations in order to share past experiences and best practices and standardize tools and methods within the public sector.

Istat has been one of the first public administrations to comply with these regulations, implementing such systems and tools in early 2000, and progressively improving and enhancing them according to new law requirements and organizational needs. For instance, Istat recognized that an effective performance cycle should not just be the means to evaluate, reward or amend employees. It should actually be an agile performance-oriented management system, able to manage human resources, motivating individuals towards aligned organizational goals, to support decision-making processes by providing useful information and data, and to guarantee organizational accountability towards internal and external stakeholders.

For this purpose, cycle and tools of programming and monitoring have been defined by making the various managerial systems converge in order to provide information and results that have been particularly useful for the governing bodies in developing the strategic objectives and in managing the process of profound change. The path towards integration has supported the modernization process underway in Istat as it has allowed an in-depth analysis of the production and statistical processes accompanied by the identification of the problems that might have hindered the change.

In addition, Istat also embedded the risk management method in the performance cycle to further guarantee control, quality and success.

Risk Management, first addressed to the management of organizational risks and subsequently expanded to the risks of fraud, has reached a considerable development phase so as to provide a contribution, together with the other participating countries, to the implementation of the guidelines for the implementation of the Risk Management among the statistical organizations, made by the Modernization Committee on Organizational Framework and Evaluation (MCOFE) within the UNECE High Level Group, published in 2017 and available at the following website address: <http://www1.unece.org/stat/platform/display/GORM/Guidelines+on+Risk+Management>.

## Section 1. Performance: The General Framework

### 1.1. Legislative background

The introduction, in Italy's public sector, of modern systems of performance measurement and evaluation, centered on productivity incentives, merit-based management and results accountability, dates back to the 1990s (mainly in 1993 and 1998), when a revolutionary reform launched an innovative path aiming at modernizing public administration to improve its efficiency and productivity. This intensive innovation period, mainly inspired by New Public Management doctrines, was followed by 10 years of less profound interventions and feeble attempts to implement such practices and models. Nonetheless, not only did this first reform mark an "impressive progress" in the quality of regulation, bureaucratic simplification and administrative modernization but it also acknowledged for the first time the principles and the concepts of performance, merit, quality, and results within the Italian public sector, provoking an authentic "cultural revolution".

A further and decisive push towards the modernization of the Italian public administrative system came later on, with the reforms of 2009 (mainly by means of Legislative Decree n. 150). The immediate objectives of the reform were similar to the previous one: improving the efficiency and effectiveness of the public sector by increasing the quality of its services and its productivity through a management approach borrowed from the private sector. Yet, the new initiative focused on replacing bureaucratic culture with the culture of results, assessment, and citizens' satisfaction, by means of even stronger, strict and specific guiding principles and regulatory requirements.

Since 2009, the path towards a modern, efficient and qualitative public administration has undergone some adjustments and corrections, it has brought about improvements, but it was not abandoned. It actually registered a new boost with the recent amendments to Italy's public administration legislation (Madia's reform in 2016), which, alongside government circulars and guidelines, also provided a set of new supporting measures, tools and frameworks, common to all administrations.

### 1.2. A definition

The regulatory initiatives initially defined the concept "performance" as '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'<sup>3</sup>. Progressively, the notion of performance was broadened to embrace more than just efficiency and effectiveness and now includes the ability of the public administration to embody the fundamental values of transparency, integrity, equity, participation, and accountability.

Hence, the object of the evaluation is not the person as such but it is the combination of two factors: results are the "what" of performance; behaviors are the "how". Goals are set at all levels by means of the cascading method. Behavioral expectations are represented by a set of soft skills, such as leadership, initiative, problem-solving, and teamwork that show how individuals contribute to

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<sup>3</sup> Deliberation no. 112/2010 of the former Independent National Authority CIVIT.

organizational culture. Behaviors might not be easy to observe but still, they are considered crucial because a collaborative and productive workplace helps to achieve strong performance.

Clear objectives and defined behavioral expectations, accurate indicators and targets are all key elements because they provide objective evidence to measure and evaluate performance in a standardized and neutral way. Both behaviors and results are represented by facts, events, results, and actions: all observable and measurable aspects to which it should be possible to assign a value and a weight by using different instruments, techniques, and sources to reduce subjectivity and arbitrariness.

Measurement and evaluation are distinct but complementary activities, the first is functional to the latter. 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. Measurement using indicators also allows understanding future improvements levels, while evaluation permits to understand causes of deviations.

### 1.3. Characteristics and principles

Traditionally, individuals are motivated to increase their performance and align their objectives with the organization goals, by recognition of merit and incentives rewards. In the Public sector, which operates outside the market, in order to improve individual performance, it is even more important to implement performance incentives systems based on evaluation, recognition of merits and demerits of all civil servants and rewards. A thoughtful performance-oriented management, therefore, should recognize outstanding performances, should reward employees equitably and offer opportunities to plan out learning and development efforts to boost their motivation and career satisfaction for the long term. That is why the reform abolished automatic salary increases and introduced performance-related monetary and non-monetary rewards for all employees.

Merit and incentive schemes to reward employees for the results achieved - rather than for hours worked - require defined standards and measurable targets. Performance management and result-orientation are difficult to implement if goals are perceived to be ambiguous and activities are less measurable. To reliably measure performance, goals should be limited, clearly stated, shared and communicated, and activities should be easily observed and monitored. Thus the reform recommends applying the SMART criteria for goals setting. SMART is the acronym, which identifies a set of five criteria that goals should meet: they should be Specific, Measurable, Attainable, Realistic and Time-bound.

Yet, the key to motivation is much more complex than that: to be successful, the design of the system has to include not only meritocracy and rewards, but also other fundamental characteristics, such as the connection to organizational performance, accountability, and managerial responsibility, and the integration with other managerial systems.

Conforming to current legislation, an effective system should keep the focus on meaningful goals and tasks, making individual and organizational goals align so that increasing individual performance means to increase the organization's performance and, consequently, citizen's satisfaction. The suggested cascading method helps ensure that employees' objectives support their department and

team goals as well as the organization's broader objectives through a top-down process that starts with the organization's strategies and cascades down from top managers all the way down the line. Accordingly, individual merits and rewards reflect the overall performance of the single departments and of the entire organization as very positive individual evaluation would not be coherent with a very low organizational evaluation.

Moreover, a transparent process and the possibility for individuals to participate in the definition of goals helps to understand the importance of each individual contribution to a greater objective, generating responsibility and accountability, sense of ownership and commitment. A perception of equity and fairness is more likely when the scheme is open to everyone, goals are achievable, results are visible, and goals are not purely forced.

Furthermore, in order to ensure recognition and accountability, enhance commitment and motivation, goals should not be a mere fulfillment of one's duties, they should be able to register single efforts and accomplishments, they should be achievable but challenging, spurring future growth and improvements, for individuals and for the organization as a whole. It should also be based on flexible goals which can be adjusted and revised throughout the year by continuous and periodic monitoring of activities and indicators and by risk management assessments.

To be beneficial to the entire organization and generate developments, goals should also be set according to available resources and to the organizational, economic, financial and legislative context. According to this interactive and integrated approach, the performance system should actually become a useful instrument for supporting decisional processes, favoring the verification of the coherence between resources and objectives, and the improvement of results and customers' satisfaction. The performance cycle should also provide a clear and logical timeframe for assessing the quality of employees' work and for making compensation-related decisions supporting strategic processes because it provides metrics to measure progress and it is coordinated with programming and financial processes. That is why integration and coherence with other systems are fundamental.

## Section 2 - ISTAT's measurement and evaluation performance system

### 2.1 The objectives

The current performance measurement and evaluation system has been implemented in Istat in 2013 with the aim to improve productivity, in terms of efficiency and effectiveness, and to enhance organizational set-up and consequently employees' quality of work. In these terms, the adoption of the system represented both compliance with the regulatory laws and, above all, the opportunity to provide an all-encompassing tool based on the close connection among plans, objectives, resources, activities, and results. Performance measurement and evaluation processes, in fact, increase the information and the data useful for strategic planning and decisions, contributing to pointing out critical issues, outstanding results, and responsibilities.

The essence of the evaluation does not consist of the mere judgment of employees according to the mere execution of assigned tasks. It also involves the recognition and improvement of professionalism, commitment and availability: all the skills that everyone devotes to the activity they carry on, depending on the specific role.

### 2.2 The performance cycle

The performance management cycle in Istat develops according to a process divided into a sequence of several phases:

- a) definition and assignment of the objectives, results and related indicators;
- b) connection of objectives and available resources;
- c) monitoring and implementation of eventual corrective actions;
- d) measurement and evaluation of both organizational and individual performance;
- e) use of reward systems, according to criteria to enhance meritocracy;
- f) reporting and communication of results to the political-administrative governing bodies, top management, external bodies, citizens, stakeholders, users and people recipient of services.

Istat, based on its mission, context, stakeholders' relationship and financial constraints, defines its strategic goals, which cover all the activities of the organization and make up the reference term for the 3-years strategic plan. The organizational strategic goals then cascade down to more operational goals, which are discussed and assigned to the different organizational levels: top managers, senior managers, and other employees. Each goal is detailed, on a yearly base, into narrower and quantifiable operational objectives, expected results, indicators, and targets, human resources needs (in terms of units or equivalent employees working full-time: Full-Time Equivalent - FTE).

Indicators have to be Specific, Measurable, Attainable, Realistic and Time-bound (SMART). Both goals and indicators can be adjusted and revised throughout the year, applying a fixed procedure.

During the year, the goals are monitored also to identify and report on eventual critical issues encountered, and, if necessary, to propose and implement corrective actions.

As required by law, in order to describe and communicate the programmed goals at the beginning of the cycle and the results after the measurement and the evaluation process, Istat writes and publishes on its website two documents:

- the Performance Plan - a three-year program document, to be issued every year by January 31<sup>st</sup>, that displays the objectives, indicators, and targets, according to available resources, to be measured and evaluated;
- the Performance Report - a document, to be issued by June 30<sup>th</sup> of the year following the reported period, that describes results and evaluations, pointing out any deviations from the expected organizational and individual expected goals as well as the related corrective actions.

## 2.3 Principles and framework of the performance system adopted in Istat

The principles upon which the architecture of the measurement and evaluation performance system is based are:

1. **Sharing;**
2. **Participation;**
3. **Integration.**

### a. *Sharing*

According to the Guidelines released in 2017 by the Minister for Civil Servants, collaboration among the officer in charge of the performance management system and the other officers of the administration, leads to reciprocal advantages in terms of information exchange, common systematic vision, timely deviations warning, definition of appropriate corrective actions in production, supporting and control processes.

For this purpose, first, *sharing* concerns the relationship between managers and governing bodies regarding the use of optimal methods enabling full and independent access to relevant information and knowledge of management and administrative phenomena. Secondly, *sharing* also refers to the interaction with other players who independently act within the organization, such as the Head of Prevention of Corruption (pursuant to Law No. 190/12) or the Internal Auditing and internal controls officer.

*Sharing* also concerns the relationship among evaluators and evaluated people, meaning the necessity to verify that the principles of merit and equity are applied during the evaluation process, by means, on the one hand, of different bonuses according to different achieved results, and, on the other hand, of the application of objective criteria. Hence, managers engaged in the evaluation process meet several times throughout the year in order to discuss and convey on a standardized path for scoring individual results.

### b. *Participation*

*Participation* in the performance management process is represented by a clear and complete description in all planning documents of the strategic and the operational goals.



Furthermore, *participation* should involve both external and internal users and systematically take place through customer satisfaction surveys aimed at detecting the degree of user satisfaction regarding services and products.

As far as external stakeholders are concerned, the administration oversees the application of the principle of facilitating the participation of citizens and other users, controlling the actual implementation of the surveys, the adequacy of the interaction with external users as well as the publication of data complying with the laws. For this purpose, Istat implemented various tools to enable citizens and other users to contribute to the measurement of organizational performance, even expressing directly their level of satisfaction.

Concerning internal stakeholders, Istat is mapping all stakeholders and is studying tools to permit them to participate in the evaluation of organizational performance.

### **c. Integration**

The main aspects regarding *integration* concern the monitoring and evaluation of the effective coherence between the performance cycle and the planning cycle. *Integration*, noticeably, is not only achieved by simultaneously managing these processes, but also and above all by building up an organizational framework and information system that tends towards efficiency and reduction, or even elimination, of possible redundancies.

The sectoral legislation (DPR No. 105/2016) requires public administrations to verify the correctness of the organizational and individual performance measurement, monitoring, evaluation and reporting processes. In addition, it also expects a substantial integration between financial and strategic planning into the performance cycle.

Moreover, the law also obliges public administrations to introduce specific objectives related to anti-fraud (or anti-corruption in a broad sense) and transparency policies among the strategic objectives defined on annual and multi-year base. In Istat, these specific objectives effectively contribute to set up the individual goals and the behavioral targets assigned to managers and are part of the risk management system that has been implemented. The results of these particular goals are described in specific sections of the performance documents mentioned above.

## **2.4 Measurement and evaluation of organizational performance**

The measurement of organizational performance in Istat regards “every administrative structure of the organization”. Since the organizational structure divides Istat into several general management departments and many business units, organizational performance evaluation regards the results achieved by the organization as a whole and by single departments.

The evaluation is attained through the analysis of the goals that have been achieved throughout the year, in relation to their alignment to strategies, considering successes and failures, also comparing these values with those registered during the previous years. In particular, the evaluation regards the following aspects:

- a) *the degree of implementation of the strategy*: with the aim to verify, by means of the hierarchical aggregation of indicators and targets, if the mission of Istat has been reached according to the results and the outcomes of the strategic goals that define it;

- b) *portfolio of activities*: with the aim to control the activities planned for the achievement of goals regarding the delivery of public services and external stakeholders' relations;
- c) *administration's health check*: with the aim to assess the economic and financial situation and the structural aspects of the organization.

## 2.5 Measurement and evaluation of individual performance

Individual performance measurement and evaluation, as already mentioned, regards two categories of employees:

- **top and senior managers of departments**, concerning:
  - the accomplishment of individual goals and department's or office's goals (weights 35%);
  - the personal contribution to overall organizational goals (weights 35%);
  - the behavioral expectations and ability to evaluate employees according to their results (weights 30%);
- **all other employees**, concerning:
  - the personal contribution to the department and team goals (weights 100%);

### 2.5.1 Measurement and evaluation of managers' performance

#### a. *Evaluation of results*

Measurement and evaluation of results is the outcome of indicators and targets that are assessed by collecting data and information from the managerial control system and any other useful system in Istat.

In addition, every manager has to hand in an explanatory memorandum and a set of reports to describe what has been done and how pointing out critical issues and best practice that will help in the evaluation and to understand causes of deviation and possible future improvement levels.

The evaluation referring to the achievement of individual objectives weights 35% over a total score of 100. The score for personal contribution to overall organizational goals also weights 35%.

The final score connected to this part of the evaluation is determined by the weighted average of the scores registered by each operational goal, which, in turn, is also obtained through the weighted average of the value of the indicators (**Figure 1** and **Figure 2**).

Figure 1 - INDIVIDUAL OBJECTIVES SHEET – Top &amp; Senior Performance Management – Example

DEPARTMENT		<i>department's name</i>					
DIVISION		<i>division's name</i>					
MANAGER RESPONSIBLE		<i>manager's name</i>					
Target	Weight	Expected Output	Weight	Output Indicator	Target	Value	Score
1) Implementing a new Planning & Control System	40%	Biannual Monitoring results	50%	ON/OFF	1	1	50%
		Review of the Reporting System	25%	ON/OFF	1	1	25%
		Definition and verification of the indicators	25%	Indicators verified/Total amount of indicators	50%	30%	15%
<b>SUB-OBJECTIVE 1</b>							<b>90%</b>
2) To put in place new HR information system	40%	State of play of the Project	100%	Number of components in service / Total amount of the components	85%	80%	94%
<b>SUB-OBJECTIVE 2</b>							<b>94%</b>
3) Updating Services charter and administrative procedures	20%	To set up a new procedures catalog and to update the existing ones	100%	Number of analyzed service Charter and administrative Procedures / Total amount of of service Charter and administrative Procedures to be updated	90%	75%	83%
<b>SUB-OBJECTIVE 3</b>							<b>83%</b>
<b>Total</b>	<b>100%</b>		≤	<b>35</b>	<b>90,30%</b>		<b>31,6</b>

Figure 2 - BUSINESS UNIT OBJECTIVES SHEET – Top &amp; Senior Performance Management – Example

Department	Goals	Objectives	FTE	Results
XX1	Developing of an Integrated Information Management System	100%	115	90%
XX2	Social accountability System and Organizational Well-Being	100%	42,5	95%
XX3	Improvement of the statistics on Public Finance	100%	80,3	100%
XX5	Mapping and definition of the main processes and procedures	90%	21,3	80%
XX6	Implementing of the Data register integrated system	75%	212	50%
XX9	Statistical culture enhancement	80%	16,1	70%
<b>Weighted Result</b>				<b>88%</b>

### b. Evaluation of behavioral expectations

The evaluation of behavioral expectations, associated to the role held within Istat, regards the competencies expressed by managers while pursuing their goals, to relational skills to motivate and enhance staff and support guaranteed to top managers. This part of the evaluation weights 30% of the total score.

Each set of behavioral expectations is characterized by different skills that are scaled by importance. The final score is calculated by means of a weighted average of the score assigned to each skill (**Figure 3**).

**Figure 3 - ORGANIZATIONAL BEHAVIOURS SHEET – TOP & SENIOR MANAGEMENT – EXAMPLE**

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

### 2.5.2 Measurement and evaluation of other employees' performance

The evaluation of employees concerns only their contribution to the goals of their organizational structure or team.

Every employee can contribute to various activities of various goals. At this stage, the system does not investigate the effective work done by each person to reach goals, but simply indicates if a person is involved in goals and the percentage of participation.

The evaluation is computed considering the results registered for each goal and the percentage of employment of the employee and, accordingly, the total score is determined by the weighted average of the previous scores (**Figure 4**).

**Figure 4 – OPERATIONAL INDIVIDUAL RESULTS SHEET – OTHER PERSONNEL – EXAMPLE**

Goals	Indicators	% Employment	Targets	Results	Variation
<b>Acquisition of services and instrumental/general</b>	Acquisitions made/Acquisitions to make	10%	100%	90%	-10%
<b>Development, implementation and integration of statistics on tourism</b>	Data sent to Eurostat/ Data to send according to Regulation	30%	100%	95%	-5%
<b>Short-term indicators</b>	Macro data timely sent to Eurostat /Macro data sent complying with UE Regulation	40%	100%	100%	0%
<b>Scientific meetings, seminars and events</b>	Events managed /events planned	15%	100%	95%	-5%
<b>Social channels management</b>	Increase of followers on Twitter	5%	120%	125%	5%
<b>OVERALL INDIVIDUAL RESULTS: 97%</b>					

In order to analyze the research and technological innovation activity realized in Istat, at the end of each year, researchers fill in a form to list and describe their research and/or innovative products, specifying if they are linked to a specific operational goal.

## 2.6 Risk management programs and improvement of quality

In Italy, very few public administrations have implemented a sound risk management system. Istat has started such a project in 2010 and then progressively created and customized a risk management system, with the aim of improving the quality of all organizational processes by creating a synergy among the different forms of planning. The risk management system, in fact, supports both the strategic and the operational decision-making processes, in terms of methodology and operational procedures, supporting the organization towards better performance and quality standards of excellence.

Risk management is particularly suited to reach such purpose because it does not overlap or contrast with other internal control tools; actually, risk management helps efficiency grow by removing or reducing the obstacles that could hinder the goals achievement. Therefore, it should free up resources and assign them to other innovative or critical initiatives.

After an experimental phase, which lasted about three years, and that interested only some areas of the administration, the risk management approach was embedded into institutional and recurring planning tools in Istat, both for strategic and operational purposes, covering all other organizational areas and administrative processes.

When the law required all public administrations to adopt risk management tools to prevent corruption, Istat easily included the risk category of fraud within the risk management system. It led

to the creation of a specific catalog that includes both organizational and corruption risks, highlighting the interrelations among the different type of risks, analyzing the causes and the enabling factors and planning effective response actions.

The objectives related to risk management (both organizational and anti-corruption) have been defined among the strategic objectives of the Institute; the measures aimed at containing or eliminating these risks have been associated with specific goals assigned to managers, becoming part of the performance evaluation system. Therefore, as already mentioned, managers are annually assessed on the basis of the results achieved in implementing those measures in accordance with the annual and three-year targets reported in the institutional planning documents.

Since the success and the positive fallouts of the risk management activity are encouraging, Istat decided to further extend the risk management method to other more technical processes in order to increase the quality level of the statistical production, too. This project also meets the most recent Eurostat's recommendations to apply risk management techniques within the Quality Asset framework in order to favor the respect of the principles established in the Code of European Statistics and in process standards, such as the GSBPM, and business standards, such as GAMS0.

## 2.7 Future developments

The current performance measurement and evaluation system applied in Istat acknowledges and motivates employees by means of monetary incentives according to their performance.

The cascading method used to set strategic and individual goals through a top-down process is also important in order to make individual and organizational goals align and to ensure that employees' objectives support department and strategic goals, producing, according to a holistic approach, an added value that is greater than just the mere sum of the single results.

Merit recognition and good organizational culture impact positively on motivation and enthusiasm, effect collaborative and productive work environment, improving values and boost efficiency. Nonetheless, the current mechanism in Istat maximizes existing competencies and the way they contribute to the results but it does not describe the effects that such outcomes have on individuals and on their behavior; nor does it point out the areas and the skills that could be improved, for example with focused training courses or coaching.

Hence, in order to improve management and let an organizational culture have the right effect on employees, it is important to understand how organizational culture and outstanding achievement affect employee behavior and vice-versa. Individuals generate outstanding results and outstanding results also impact individuals: In order to improve management, organizational culture, and productivity, it is important to understand and analyses this virtuous cycle of "double effect".

Istat is actually moving to renovate and develop its human resources enhancement policy: it has implemented various individual initiatives, such as internal mobility programs and the Job Competencies Database. However, it is still necessary to analyze the impact of such projects on people's performance and behaviors.

And even though much has been done to integrate the human resources management system and the performance cycle, in a long-term scenario, 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 changing organization.

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