EXAMINING THE INDICATORS OF PUBLIC SERVICES PERFORMANCE: THE CASE OF ALBANIA

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Abstract: The political changes after the 1990s were accompanied by major economic changes, transforming a centralized economy to decentralized. During the past two decades, the public sector in Albania has been through a dramatic change, mostly from a structural perspective. The purpose of this paper is to identify and evaluate the most significant indicators of public sector performance in the case of Albania. Thus, indicators such as utility services, legal and institutional framework, modernization of public administration, and economic issues are examined considering the public perception and furthermore, their expectations. The survey took place in Albania, wherein 200 questionnaires were delivered and fulfilled. Evaluation of variables in this study are rated using a 5-point Likert-type scale, with 1 being strongly disagree to 5 being strongly agree. Each variable is measured through items, which are estimated through Exploratory Factor Analysis (EFA) as the most used technique in social sciences studies; Principal Component Analysis (PCA) method is implemented. Results indicate that all the 12 observed variables, are positively evaluated by the interviewed citizens. Two most positively evaluated indicators are the judicial system, and being employed in the public sector; while two less evaluated indicators are those of e-services and telecommunication. Referring to the citizens’ expectations, this paper will contribute to enhance the performance of the activities of public organizations and government institutions. In addition, the results of this study,
aim to help policy-making structures improve the performance of public administration in providing public services to citizens.

**Key words**: public sector, performance, Albania

**Raktažodžiai**: viešasis sektorius, veiklos rezultatai, Albanija.

**JEL**: H 11, H 41, H 83

**Introduction**

The public sector contributes positively to economic development through providing public services, promoting and encouraging the private sector, as well as the efficient use of public resources. In the last two decades there has been an almost constant effort in parallel to limit the scope of state functions in increasing institutional strength and quality of public goods provision. From this point of view, the evaluation of the performance of services provided by the public sector remains of crucial importance.

The public sector plays a major role in society. In most developing countries, public expenditure represents a significant part of Gross Domestic Product (GDP) and public sector entities are substantial employers and major capital market participants. An effective and efficient public sector plays an important role in economic growth, social development, and poverty alleviation (Andrew, 2011). Referring to various studies, the public sector contributes to the provision of public goods and services to citizens through a sustainable tax system, efficient use of natural resources, revenue collection and expenditure management. The results and the performance of this sector focuses on the nature of financial management, public investment and the quality of services provided.

Measurement and evaluation of public sector performance in terms of services delivering is instrumental and important for governments and public policymakers. A well-functioning public sector that delivers quality public services and fosters economic growth through managing fiscal resources, is considered critical to alleviate poverty and increase welfare of the citizens. Expansive efforts to use service contracts, concessions, or public-private partnerships are not always accompanied by the results foreseen throughout this process.

In addition, the fiscal burden created by this approach has been contested by many experts, mainly supporters of a broad-based public sector.

Public administration is a state-run mechanism to regulate and enable business by creating favorable fiscal and economic policies and by providing administrative services that facilitate their operations. It is nowadays recognized that public administrations should work efficiently and effectively and that their services should be designed to meet the need of citizens and businesses (Rinaldi *et al.*, 2015).

The performance of public institutions is related to the definition of priorities in the allocation of public resources, planning for achieving policy goals, public investment management, efficiency and integrity, and improving the quality of governance in service delivery.
The rest of the article is organized as follows. It begins by reviewing the literature about the role of the public sector and its performance in providing services to citizens. Then it defines the aim of the study, methodology, and describes the data used.

In addition, results of the study and discussion about evaluation of public sector performance are presented. Finally, a summary of the study, conclusions, and recommendations are provided.

**Literature review**

Performance indicators are an important instrument for the evaluation of the public sector’s quality and efficiency in the majority of developed countries. In many developing countries, important reforms in the economic infrastructure sectors have been undertaken in the last two decades with the objective to improve the efficiency and quality of service delivery by the public sector.

The public sector consists of organizations that deliver the goods and services of the government, whether at a local or a national level. State organizations have a crucial role in the life of citizens and there is a continuous need for increased commitment to improve their activity (Fryer et al., 2007). The quality of government and public sector institutions significantly affects economic development and explains the differences in economic growth between countries (Tomorri et al., 2017). Usually, an organization has public power when it is able to regulate and facilitate the affairs of individuals, groups and other organizations in the public interest. Institutions are the rules and enforcement mechanisms that govern economic, social and political interactions (Islam, 2018). State administration is defined as a system of entities created by statute and in the competence to carry out internal and external management and executive activities with responsibility assigned to the state (Gray et al., 1995).

The success and sustainability of any society depends upon how well its public services are provided. Through public administration, the State serves citizens in all respects offering public services, national security, national education, health, economic development and everything that is vital to citizens. Public administration is a state-run mechanism that regulates and enables business by creating favorable fiscal and economic policies and provides administrative services that facilitate their operations. It is able to carry out these tasks by creating policies and rules for human capacity building, suitable working environments, building communication systems through appropriate information technology, and building procedures and processes in accordance with laws that originate from the legislature.

On the other hand, quality and effectiveness of public administration services are influenced by many factors such as organizational structure, responsibilities, and available intellectual capital (Wiig, 2002). Governments may differ in the political principles reflected in their constitutions, but major principles of good administration are the same in any system (Ostrom et al., 1971). The meaning of public service, public service-oriented organizations, and new public services, including those at the local level, implies a change of the role of governing boards in society that become the service organizations working
to service the needs of citizens (Manzoor, 2014). To satisfy citizens’ requirements, it is necessary to develop policies and strategies that involve all actors and factors necessary to provide quality services. It is nowadays recognized that public administrations should work efficiently and effectively and that their services should be designed to meet the need of citizens and businesses (Rinaldi et al., 2015).

The public services are provided to citizens directly through a public sector organization or through financing provided by the private sector, third sector, or voluntary organizations (Radnor, 2015). A good system of administrative procedures ensures the legality as much as the quality of administrative decisions. It also protects citizens’ rights and promotes citizens’ participation, and enhances transparency and accountability by avoiding unnecessarily complicated, formalistic and lengthy processes. Successful process management speeds up service delivery and delights the citizens. Every organization, governmental body, non-profit organization, or enterprise has to manage a number of processes (Rusch, 2014).

Performance is a broad concept and should be viewed holistically. In addition, it is necessary to consider other theories in order to better identify factors that affect it (Domi et al., 2018). Performance assessment is a broader activity that takes into account not only numerals but also other forms of evidence such as written descriptions and observations (Marr, B., 2008). Good examples of such data are the judgements on the various achievements of organizations that can be obtained from surveys of citizens, service users, and managers (Andrews et al., 2012). Citizens as users can provide useful information on the quality and adequacy of services and the problems they face with their service providers. They know better than anyone else how responsible or reliable an agency is or what are the costs attached to a service (Ravindra, 2004).

Performance is about the quality of the achievements and not as much about the quality of the actions; performance equals results. The debate on the role of the state has shifted in recent years towards empirical assessments of the efficiency and usefulness of public sector activities (Afonso et al., 2005).

Data and Methodology

Regarding performance measurement, 16 variables were developed considering the sectors of education, health, safety and security, law enforcement, transparency (information, accountability), property rights, investments, and public utility services. Another objective of this study is to analyze the differences in the perceptions of public sector performance of different groups of respondents; differences that may come from: gender (male or female), education (higher or secondary) and sector where the interviewee is employed (public or private sector).

This study employed the face-to-face interviews technique with citizens in the biggest regional of Albania, Tirana.

This technique has a very high response rate, roughly 95% (see e.g., Thornberry, 1987; Domi et al., 2019). Due to the time and costs associated with this method, we selected randomly 210 people.
The constructed questionnaire used for this purpose is referred to as the Public Sector Reform in Europe, by the European Research Area; Citizen Service Centers Pathways toward improved public service delivery by the Nordic Trust Fund and World Bank. In order to have less ambiguous questions, we did have a preliminary test with academics (see e.g. Domi et al., 2020). In addition, to assess the clarity and understandability of the measures we made a pre-test of the questionnaire with some citizens that did recently utilize service of the public sector. The final questionnaire was comprised of five sections: general information about the interviewed people, Utility services (four items), Legal and institutional framework (three items); Modernization of Public Administration (two items); Economic Issues (three items) (see Table 1). The questionnaire’s fulfillment took place at the entrance of public institutions, organizations, and enterprises, wherein randomly selected citizens were interviewed. The process took about 45-50 days to complete. After the questionnaire was delivered, only 200 of them were valid, representing a response rate of 95.2%.

Evaluation of variables in this study are rated using a 5-point Likert-type scale, with 1 being “Very low” to 5 “Very good” (see e.g., Keco et al., 2019). This is due to this technique’s subjective measures accurately reflecting the opinions of the respondent (Burns & Bush, 2002; Wong, 1999; Zikmund, 2000). Each of the above variables are measured through items, which are estimated through Exploratory Factor Analysis (EFA) as the most used technique in social sciences studies (Field, 2009). In the framework of the EFA, the PCA method was conducted on the 12 observed variables with Varimax rotation. For this, four items were deleted as they were not respectively measuring the same common underlying dimension as they were supposed to measure.

The EFA results are presented in Table 1. According to (Cortina, 1993), in the case of more than 12 items, α can take values around the level of 0.7. While, factor loadings are an indication of the importance of a given question to a given factor. In general, factor loadings with an absolute value greater than 0.30 are considered significant (Child, 1990; Hair et al., 1995). As Table 1 shows, alpha coefficients of all four constructs (unobserved variables) exceed the 0.70 level as recommended by Nunnally (1978), meaning that the measures are unidimensional, and furthermore, these alpha values indicate that all items were respectively measuring the same common underlying dimension as they were supposed to measure and as predicted in the previous literature (see e.g., Domi and Capelleuras, 2016). Finally, these α-values reveal the high reliability of the constructs.

The Kaiser-Meyer-Olkin (KMO) test and the Bartlett test are used to test whether the data are appropriate for factor analysis. The KMO takes values from 0 to 1, where the smallest acceptable value for this test is 0.5 (Kaiser, 1974). This means that if KMO>0.5, the sample is appropriate.

In our study the value of KMO = .655, and it is therefore a good value, which indicates that the sample is appropriate. While the Bartlett’s test with $\chi^2 = 1974.460$, df = 120 and $p = .000$, shows that the relationships between the questions are sufficiently large for the analysis of the main component.
Table 1. Exploratory factor analysis

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicators</th>
<th>A</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<td>1</td>
<td>Utility services</td>
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<td></td>
<td>Energy</td>
<td>.884</td>
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<td>Water</td>
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<td>Public Transport</td>
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<td></td>
<td>Telecommunication</td>
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<tr>
<td>2</td>
<td>Legal and institutional framework</td>
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<tr>
<td></td>
<td>Property Problems</td>
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<td></td>
<td>Employment</td>
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<td>Judicial system</td>
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<td>3</td>
<td>Modernization of Public Administration</td>
<td>.979</td>
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<td></td>
<td>Electronic Services</td>
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<td></td>
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<td></td>
<td>Increase of service quality</td>
<td>.986</td>
<td></td>
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<td>4</td>
<td>Economic Issues</td>
<td>.673</td>
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<td></td>
<td>Improvement of legislation</td>
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<td></td>
<td>Public Investment</td>
<td>.735</td>
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<td></td>
<td>Taxes</td>
<td>.656</td>
<td></td>
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</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization

The sample representativeness

Through data analysis, we investigated if there were any differences among different interviewed groups. More specifically, we considered the gender issue of interviewed people (male or female), education (higher or secondary) and sector where the interviewed people are employed (in the public or private sector). To obtain such differences in the perception about public sector performance, independent samples t-test is implemented, which compares the mean scores of two different groups of people.

To obtain the possible difference among the above mentioned groups, we considered four unobserved variables, through their observed variable, such as; utility services (water, energy, public transport), legal and institutional framework (property problems, employment, judicial system), modernization of public administration (electronic services, increase of service quality) and economic issues (improvement of legislation, public investment, taxes).

Firstly, analyzation was conducted to see if there is any difference in perception of public sector performance, considering the gender issue. Regarding the utility services, there was not a significant difference between female (M=4.3, SD=0.7) and male (M=4.1, SD=0.6); t(198) =1.67, p=0.095.
Secondly, differences were seen in the perception of public sector performance that can come from levels of education. Considering the education level (primary school, university), it was analyzed whether there is any difference in the perception of public sector performance between persons with secondary education and persons with higher education for the four elements derived from EFA. Regarding utility services, there was not a significant difference between persons with higher education (M=4.3, SD=0.7) and persons with secondary education (M=4.1, SD=0.6); t(145)=1.56, p=0.119.

Thirdly, referring to employment, it was seen whether there are differences in perception of public sector performance. In relation to employment, it is required to assess the differences in the perception of public sector performance of persons employed in the public sector and persons employed in the private sector to the four elements derived from EFA. With respect to utility services, there was not a significant difference between persons working in the public sector (M=4.2, SD=0.8) and persons working in the private sector (M=4.1, SD=0.7); t(130)=0.25, p=0.797. We see that in relation to the legal and institutional framework, there was a significant difference between persons working in the public sector (M=4.7, SD=0.3) and persons working in the private sector (M=4.6, SD=0.5); t(120)=2.71, p=0.008. Regarding the modernization of public administration, there was not a significant difference between persons working in the public sector (M=4.3, SD=0.7) (M=4.1, SD=0.7); t(130)=1.27, p=0. Also, in relation to economic issues, there was not a significant difference between persons working in the public sector (M=4.3, SD=0.7) and persons working in the private sector (M=4.3, SD=0.6); t (130)=0.02, p=0.986.

As suggested by the results, employment does not have an effect on the perception of the public sector’s performance for aspects related to utility services, modernization of public administration, and economic issues. It shows what the analysis is, that there is a difference in the perception of public sector performance between persons employed in the public sector and persons employed in the private sector on aspects of the legal and institutional framework, including: property problems, employment, and the judicial system.

Finally, as suggested by the results, it is indicated that no statistically significant differences exist in terms of gender, education level, or those employed in the public sector or private sector.

**Results and discussions**

The evaluation of public sector performance is important, because it significantly affects the quality of public services and goods, comparing costs versus benefits that citizens receive from the activities of public organizations and enterprises. The quality of governance and institutions has a significant impact in economic development and the performance of public service delivery.

This study is focused primarily on understanding the citizens’ perception and/or attitude toward public sector services, and as a result, to describe how this sector is performing. The majority of respondents (48%) are aged 41-50 years, while 23% of them aged 51-60 years. With regards to the educational level, it is estimated that about 46% of the respondents have a higher education and or master degree.
Based on the survey data, indicator estimates involved in the study have been as follows:

Considering the utility services, roughly 52% of interviewed considered the services provided by the public sector as very good, and only 5% as low. Up to 51% of interviewed considered very good for public transportation and 3% as low. The water supply service, is considered as very good by 49.5% of interviewed, and 1.5% as a low service (see Table 1).

Telecommunication as a utility indicator was evaluated at 8.5% for Low by interviewees, and 26.5% as a very good service provided by the public sector.

Regarding the legal and institutional framework, results indicate that Property Problems (59% very good), Employment in the public sector (77.0% very good), and the Judicial system (71% as very good), are mostly evaluated as very good.

Considering the modernization of public administration, results are various. Thus, e-services are perceived by only 28.5% interviewed as a very good service provided by the public sector, and 3.5% as low and very low. In this framework, up to 88% of interviewed responded that they have a positive perception about the public service quality improvement.

Regarding economic issues, it results that 55% of respondents rated the tax system very good, 40.5% and 14% perceived it as a good and average service provided by the public sector. In this vein, investments were rated by 2.5% of interviewed as very little improvement on legislation.
Conclusions

1. The purpose of this study is to examine the indicators of public services performance through citizens’ perceptions and to analyze the differences that could come from different groups of interviewees, grouped by: gender (male or female), education (higher or secondary) and sector where the interviewee is employed (public or private sector).

2. As indicated by the results, there are no statistically significant differences in terms of gender, education level, or those employed in the public sector or private sector for the observed variables of the unobserved variables such as utility services, legal and institutional framework, modernization of public administration and economic issues.

3. Generally speaking, results indicate that all the 12 observed variables are positively evaluated by the interviewed citizens. Two most positively evaluated indicators are the judicial system, and being employed in the public sector. While two less evaluated indicators are those of e-services and telecommunication.

4. Referring to the citizens’ expectations, it is estimated that the increase of performance in utility services, modernization of public administration, public investment and improvement of infrastructure, represent some of the issues and challenges to be addressed in the future regarding public sector performance and quality of governance.

Limitations and future lines of research

The research has its limitations, but the results of the study aim to help policy-making structures and relevant institutions improve the quality of public service delivery to citizens.

Future studies, will also aim at a more in-depth analysis (the number of respondents, regions to be included as well as examination of the indicators) regarding the services provided by the public sector, in order to improve the performance of public organizations and government institutions in accordance with citizens’ expectations.

References

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Nagrinėjant viešųjų paslaugų rodiklius: Albanijos atvejis

Anotacija