Evaluation of Human and Public Security Management Using Balanced Scorecard

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The aim of the article is to review the Lithuanian public security strategy, its key attitudes and to assess its consistency and completeness of indicators by the means of the balanced scorecard system. The research was conducted as a part of a project "Threats of Criminality and Technologies of Management of Personal Safety". The article reviews the evolution of performance measurement systems from simple tools, used in employees performance appraisal to complex dynamic multifaceted systems , presented the features of the balanced scorecard system as a strategy evaluation tool in public sector. Managerial-organizational analysis of Lithuanian institutions and organizations, responsible for the crime control and prevention was performed.

Keywords: *.balanced scorecard, strategic management, public security.*

Raktažodžiai: *subalansuotų rodiklių sistema, strateginis valdymas, viešasis saugumas.*

Introduction

Management of any process would become impossible, if we have not monitored it and have not collected information about its progress. Although discussion on the importance of measurement has no longer been, what shows a wide number of publications on this topic, but the definition of the measurement there is rarely found in. A. Neely in its literature review on performance measurement systems [7] defines performance measurement as „the process of quantifying the efficiency and effectiveness of action", and a performance measurement system is defined as „the set of metrics used to quantify both the efficiency and effectiveness of actions".

G. Roos [10], among the conditions he considers necessary for the successful organization's perform-

ance measurement, pointed out the requirement of indicators completeness. A long time, organizations considered the financial performance indicators only, and this was the main control instrument and indication of success. However, these indicators have a serious shortcoming: they only reflect whether the company's activities were successful in the past. Performance measurement changed radically after the financial measures gave way non-financial indicators. Such a shift in measurement accents has opened up a new performance management and quality improvement opportunities, and this is particularly applicable to public sector organizations that strive to achieve other goals than profit maximization. Theoretical models, which constructed the modern performance measurement systems, can be successfully used for the strategies consistency evaluation and allows them to adjust, filling the gaps observed in completeness of indicators. The research was conducted as a part of a project "Threats of Criminality and Technologies of Management of Personal Safety" [6].

Performance measurement systems

In Lithuania, especially in the public sector, performance measurement systems are very seldom interconnected with corresponding strategies. One of the most sensitive areas – human and public security

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is not an exception in this respect. Inconsistent strategy leads to poor management, but on the other hand an advanced performance measurement system can detect incompleteness of the strategy and provide a feedback to improve it. In the past decades performance measurement systems were significantly improved and their evolution is still continuing. A. Neel classified performance measurement systems into a few generations [8]. In the case of the first-generation systems, the traditional financial indicators have been supplemented by non-financial, in addition there were proposed some recommendable procedures or the criteria's that will help to decide which non-financial indicators are most suitable to be included into the performance measurement system. Second-generation systems focus on the measurement of the transformation of the resource as well as the stocks, rather than then individual specific stock measures. The dynamic aspect is the distinguishing second-generation measurement feature of the measurement systems by comparing them with first-generation systems.

Most of the activities of research are devoted to measuring the first and second generation systems, but we miss a wider study of performance measurement systems that meet the challenges of the third-generation systems. E. Neel set of requirements which should be fulfilled by a third-generation performance measurement system:

- Relevance and adequacy - the model must reflect the reality.
- Adequacy of information - must be given right information.
- Practicality and compatibility with the needs of the organization - outcomes must be practical and to encourage action.

Performance measurement system would be much closer to what A. Neel defined as the third generation performance measurement systems, if the measurement is carried out using the Six Sigma DMAIC methodology. It would strengthen the attention focusing and problems solving functions of performance measurement [11].

At this time we can mention several popular models, which were used to construct the second generation performance measurement system. One of them - the Performance Prism, which combined the indicators of 5 different perspectives [5]:

- Stakeholders' satisfaction (Who are our stakeholders, what are their needs and intentions?).
- Strategies (What strategies we have to choose to meet stakeholders' needs?).

- Processes (What are the main processes, how they are being improved?).
- Skills (What skills are needed to carry out the processes successfully?)
- Stakeholders' contribution (what contribution we expect from stakeholders, if we want to ensure the appropriate skills?).

U. S. Bititci and T. Turner [1] trying to ensure compatibility of performance measurement systems with the constantly changing strategic objectives of the organization, directed their research activities towards the analysis of performance measurement systems' dynamics. Systems of this kind because of their complexity should be information technology-based.

G. K. Kanji proposed Kanji Business Excellence Measurement System [2] which consists of two parts, one of them is for the internal performance measurement, looking from organization leaders and subordinates perspective. The main aspect of this system is the leadership, which, according to Kanji, is the main driving force of business excellence and quality, and promotes four principles: customer satisfaction, evidence-based, customer-oriented management, and the culture of continuous improvement of the organization. The second part is devoted to the perfection of processes, organizational learning and the needs of stakeholders. Both parts of the system parameters are very closely linked to the critical success factors of the organization's strategy.

R. S. Kaplan and D. P. Norton [4] proposed the balanced scorecard – at present time very popular and widely applicable approach, where performance is measured from 4 different perspectives. While maintaining the tracking of the traditional financial aspect, the balanced scorecard enables us to look at the business from 3 new perspectives, each of which gives the answer to key issues of the organization:

- Financial – how do we look to our shareholders to be financially successful?
- Clients – how do customers see us?
- Internal business processes – what must we excel at to be attractive to our shareholders and customers?
- Innovation and learning – can we continue to improve and create value to conform to continuously changing external requirements?

Properly constituted balanced scorecard can be used as the strategy map, very clearly conveying the organization's strategy from its vision to the action plans to implement it. All four perspectives are linked by cause-effect relations.

The financial and customer perspectives reflect already achieved results, so these two perspectives reflect the organization's past, the internal processes perspective reflects current activities and is related to the organization's present, and the improvement and development perspective is related to our capabilities and potential, therefore, reflects the organization's future. Although the idea to create a balanced scorecard system arose from the need to measure performance, subsequent studies in this area have expanded this approach, treating it not merely a measuring instrument, but rather a powerful tool of strategic management, witch turns the strategic plan into the nerve centre of the organization. Balanced scorecard is a core, which is based on four important managerial processes:

- Adjustment of the strategy and mapping it into the program of action.
- Integration of strategic objectives with measurements and communication it to all the levels of staff
- Establishment of the specific objectives to be attained and harmonization of initiatives to achieve those objectives at different levels of the organization.
- Reinforcement of feedback on strategy execution.

Organization's vision, mission, strategy and critical success factors should be reflected in all four perspectives. Each perspective should be represented by the corresponding objective, appropriate indicator, which allows measurement of progress, the desired result, i.e. the value of the indicator (not rarely it refers to a range of values: the maximum and minimum), and finally - the initiative, namely the specific program of action. The financial perspective indicators, as a rule, have no related initiatives. To some extent the same can be said about the customer's perspective that usually has few related initiatives. The change of indicators of those two perspectives largely depends on the change in cause-effect related internal processes and the innovation and learning perspectives' indicators.

Balanced Scorecard in the Public Sector

Balanced scorecard from a simple performance measuring system grew into an effective strategic management model. Although the emergence of new public management concept, supposed increased significance of the managerial function in the administration of the public sector, and the business and the public sector are becoming more common, proposed balanced scorecard model can be hardly applied in the public sector in such a form in which it is used in profit organizations. The different nature of private companies that are seeking for profit maximisation and public sector institutions, witch are focused on their mission, requires the adaptation of the balanced scorecard in order to use it in more efficient way for non-profit institutions.

H. Rohm offers to point up a mission statement for the balanced scorecard of the public sector organizations [9]. Customers perspective is expanded into stakeholders perspective (customers become a subset of larger universe of stakeholders); stakeholders include not only persons, but public institutions as well. Stakeholders' and financial perspectives have changed positions. Despite of this transformation, the main ideas of R. Kaplan and D. Norton remains unchanged - the organization's strategy remains the corner stone of the system, ensuring the balance between different perspectives, which are linked by cause-effect relationship, perspective reflects the organizations past, present and future.

Figure 1.shows the logic of creation of the balanced scorecard: the customer needs is a crucial factor in determining how the organization reacts emerging opportunities and challenges. Mission, vision and values determine the organizational culture, and leads to the strategic objectives, which defines the desired action, the latter is made up of individual blocks, which can be displayed and measured performance indicators, setting the desired values. In turn, the indicators associated with the
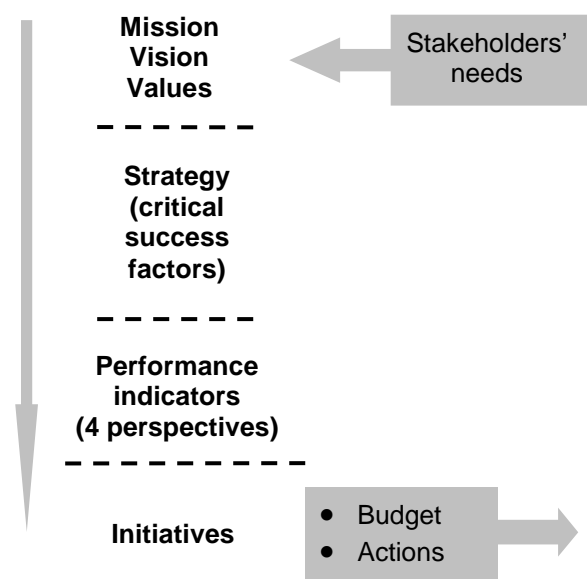
Figure 1: Logic of creation of the balanced scorecard

initiatives, which take in order to attain the values of specific indicators. Initiative is the basis for resource and budget allocation and coordination. Ultimately it turns into a concrete program of action. Based on this pattern current human and public security strategic management status in Lithuania was evaluated. Similar attempt was made to use the balanced scorecard in evaluation of the strategy of one of Lithuanian political parties [12].

Source preconceptions for public security strategic management

Any attempt to evaluate separately taken public managerial structure on the strategic level requires finding proper measurable dimensions. From this point, it should be reasonable to exam some source preconceptions in terms of necessity for initial clarification of the legality of principal structural statements. In other words, it is necessary to clarify both managerial structure and its surrounds.

Changes of the managerial structure of the public security system in long term perspective are based on the Lithuanian *Public Security Development Strategy 2003-2010* (PSDS). This *Strategy* was developed by Public Safety Department of the Ministry of Interior in 2002 and it was approved by Minister in mid 2003. PSDS is identifiable as a sectorial one, which is prepared for road-mapping of the strategic achievements of the State in the field of public safety. It covers the strategic trends in the development of all services delivered by subordinated agencies, i.e. policing, border control or fire protection. It is important to note, that PSDS do not consist of any concrete activities or managerial solutions. Anyway, agencies as structural entities of the public security sector are the subjects of the PSDS. By Minister's order, agencies were allowed (and ordered as well) to develop action plans for fulfilment of the PSDS. Action plans were developed by appropriate agencies in 2003. It is important to estimate how is legal the managerial structure prescribed by PSDS or, in another words, how it is allowed by higher authority.

Vision of the achievable public security system and main principles of the development thereof were pointed out by the *Long-Term Development Strategy of the State* (LTDSS) and by *National Security Development Strategy* (NSDS). Both mentioned strategies were issued by the Parliament (Seimas) of the Republic of Lithuania earlier, therefore, they methodologically impacted to the public security planning process.

In general, LTDSS is oriented to the improvement of certain European model of the State. The European social model is aimed at a welfare state with a low level of unemployment, well-paid work forces, a developed system of social protection, a minimum number of families below the poverty line, and a high level of social cohesion. LTDSS describes the safe society as a main social value and as a priority of the successful further development of the statehood (besides to information society and competitive economy).

LTDSS creates possibilities to set up full list of the structural elements, which may (and/or have to) guarantee certain level of the trans- or pan-sectorial integration. For instance, according to LTDSS, information society have to be implemented mainly through the development of the system of science and education, formation of the competence of population, improvement of the state governance and self-governance, development of the national and global culture. Development of the competitive economy have to be both supported and promoted in industry and business, in the sectors of energy, transport and transit, rural development and agriculture, financial policy, regional development. Knowledge economics also have to be improved. E-business has to be boosted up to the level of modern states. Safety of the Society has to be guaranteed by the systems of environmental protection, national defence, public security, social protection, health care. Also, safety of the society is included into agenda of the foreign and law-making policies of Lithuania.

The following principles LTDSS lays out for the further development of the Public Security System:

1. When co-operating in the field of justice and home affairs, measures will be employed which are connected with international police co-operation, protection of future borders of the EU, data protection and lifting of internal border control, combating organised crime and drug trafficking, terrorism, revision of the system of provision of services for asylum seekers, visa policy, national Schengen information system.

2. Special attention will be given to international co-operation with the border control services of the EU states having external borders. When integrating into the EU and upon joining the Schengen Agreement before 2007, the EU internal border control will gradually shift over to EU external border control. A set state border regime will be maintained at the state border with each neighbouring state, the spread of cross-border crime will be prevented. Control of migration flow will be enhanced. Control of migration processes will be directed towards free movement of EU citizens and enhancement of control of migration of non-EU citizens.

3. The Republic of Lithuania will consider maintaining good neighbourliness relations with all states of the region as the unchanging priority of its foreign and security policy. Special attention will be given to strengthening co-operation in the sphere of public security with the neighbouring states: Belarus, Estonia, Latvia, Poland and Russia.

4. Close multilateral and bilateral co-operation will be further promoted in the sphere of public security with the Nordic countries - Denmark, Island, Norway, Finland and Sweden. Lithuania is an active participant in the activities of the Council of the Baltic Sea States. Stepping up its effort in the fight against terrorism, corruption, organised crime, trafficking in people, drug trafficking, illegal migration and smuggling and acting in response to other modern security challenges (e. g. cyber-crime), Lithuania together with foreign partners and international organisations will draft, ratify and implement international legal provisions giving special attention to the implementation of the UN Security Council resolutions; will promote interdepartmental co-operation between police, border protection services, special services both on bilateral basis and through international organisations, such as the *Interpol* and *Europol*.

Main trends of personal and public security development:

1) to protect the rights and lawful interests of the individual from criminal attempts by implementing effective state policy of crime control and prevention, giving more attention to crime prevention by economic, social, educational and other measures;

2) to create a new model of the crime control and prevention system, application of which will provide possibilities for the eradication of basic causes and conditions of crime and for rational use of funds allocated for the purpose:

- to enhance the role of municipalities in creating a safe residential environment;
- to address personal and public security problems by enlisting the assistance of the public and NGOs;
- to make use of positive international experience applying and introducing in Lithuania crime control and prevention forms applied in other countries;

3) seeking to curb organised crime, to take measures to undermine the economic potential illegally accumulated by the organised crime. To ensure money laundering prevention in conformity with international standards. To build up a witness and victim protection system. To give constant attention to combating organised crime, to take an active part in international operations aimed at fighting organised crime;

4) to implement radical corruption prevention measures, to eliminate its causes - to make appropriate amendments with a view to improving effectiveness of the national legislative basis through harmonisation of national legal acts with the EU legislation. The National Anticorruption Programme which has been provided an adequate funding will have a decisive role to play in this sphere;

5) to establish a civil protection and rescue institution meeting international standards with a capacity to organise efficient emergency situation management and meet public needs in the area - ensure the necessary emergency aid in case of fire, industrial accident or any other calamity. To develop, according to possibilities, the capacity permitting Lithuania to contribute to disaster and major industrial accidents response in foreign countries, including humanitarian aid and disaster relief upon foreign partners request. To develop crisis monitoring and management system;

6) to promote efficiency of public security and law enforcement institutions it is necessary to improve the methods of institution management and operation, institutional interrelation and relations between the above institutions between the above institutions and other state and municipal institutions and the population. Another important issue is to develop bilateral and regional co-operation, take an active part in the activities of international public security organisations; to ensure adequate material, technical and information supply of public security and law enforcement institutions. Last but not least is to create the officers training and in-service training system which would allow to make a rational use of the available departmental potential and potential of science and studies institutions and to take over positive officer training experience accumulated in European and other foreign countries.

It is obvious that public security is a very wide and complex area, comprising a lot of aspects, and it presumes natural difficulties to manage it effectively.

Structure of the public security strategic management statement

PSDC was prepared in accordance with the *Recommendations for the Strategic Planning Documents*, approved by the Government's Decision No 827 on 6th of July 2002. It is composed of analysis of situation (i. e. identification of the driving forces and statement of the actual level of de-

velopment, description of the former and existing programs in the field of public security, SWOT analysis, etc) and description of the aims, objecttives and main activities. Required financial resources are not prescribed in the *Strategy*.

According to the PSDS, development of the public security sector is based on the vision of such political and managerial system, which creates best conditions for the responsible state agencies to guarantee common public security and public order by the efficient and effective and rational usage of budget during the delivering of the qualitative services for inhabitants.

Description of the aim of the Strategy was influenced by the long term prospects of the development and complexity of the sector. On the one hand, Strategy creates possibilities for roadmapping of different activities, which in long-term perspective have to cause real changes of the evaluation structures. Moreover, these changes have to improve new quality management tools, which will affect the common condition of public security system. On the other hand, it creates possibilities for measurement of the activities with the use of quantitative and qualitative dimensions of the progress.

The aim of the PSDS has to be achieved until 2010. In 2010 more than 50 percent on inhabitants of Lithuania have to feel secure. The vision of the Strategy, conclusions of the SWOT analysis, long term objectives of the Government, financial consequences and benefits, existing societal problems and needs of residents were taken into consideration for the aim of the PSDS prescribing.

Findings of the evaluation of the PSDS

There are 15 objectives described by the *Strategy*. They are divided into three sections:

1. Establishment of a system of cooperation with the society and other socials partners, which should support more active effort of the communities in the field of public safety.
2. Intensification of the fight against organized criminality, corruption and terrorism.
3. Modernization of the public security institutes and their activities

Three objectives are dealing with the intention to increase the satisfaction of the society in public security matters. They are directed to the improvement of the legal basis, which stipulate: 1) the decentralization of the crime prevention and crime control; 2) involvement of the social partners into the crime prevention; 3) formation of the basics of the public self-defence system.

Two objectives have a goal to regulate the daily work: 1) to set up the measures against the corruption within the law enforcement agencies; 2) to create the optimal police management system, corresponding to the needs of inhabitants and capacities of police.

Main part of objectives is oriented to the improvement of the organizational activity and human resources. There are no objectives, which could be directed for further development of the financial system.

There are no objectives, which are oriented to the past or to some level of maintenance some continuation of the old activities.

The improvement of a legal basis stipulating the decentralization of the crime prevention and crime control, as well as involvement of the social partners into the crime prevention together with formation of the public self-defence system could be considered as present time objectives.

The same present time perspective is represented by the personnel training for the cooperation with communities, implementation of efficient pre--trail investigation system and implementation the actions, which guarantee more effective protection of the first officials of the state and protection of the official guests of the State objectives.

The Strategy objectives aimed against the corruption within the law enforcement agencies, as well as objectives dealing with officers training system, optimisation of police management system, improveing cooperation with the foreign public security agencies, developing modern technologies, which help to detect financial crimes, are improvement and learning oriented therefore can be considered as the objectives of the future perspective.

Conclusions

1. The clearness and consistency of the balanced scorecard determined a choice to use it as the Lithuanian Public Security Development Strategy (PSDS) evaluation tool.

2. Most of the Lithuanian PSDS objectives are aimed at further excellence and development stipulation, thus neglecting customer satisfaction and daily work perspectives.

3. The financial perspective is not reflected in the Lithuanian PSDS.

4. Balanced Scorecard may be a proper tool for the further development and improvement of the Lithuanian PSDS, and should be used as the strategy map, conveying the organization's strategy from its vision to the action plans to implement it.

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Žmogaus ir visuomenės saugumo priemonių valdymo vertinimas naudojant subalansuotų rodiklių sistemą

Santrauka

Straipsnyje apžvelgiama Lietuvos viešojo saugumo sistemos strategija, pagrindinės jos nuostatos ir įvertinamas jos nuoseklumas bei rodiklių išsamumas naudojant subalansuotų rodiklių sistemą. Tyrimas buvo atliekamas remiantis projektu „Nusikalstamumo grėsmės ir žmogaus saugumo vadybos technologijos". Straipsnyje apžvelgiama veiklos matavimo sistemų raida nuo paprasčiausių instrumentinių priemonių, naudojamų darbuotojų veiklai vertinti, iki sudėtingų daugiaaspekčių dinaminių sistemų, aptariami subalansuotų rodiklių sistemos kaip strateginio valdymo priemonės ypatumai taikant ją viešajame sektoriuje. Lietuvos viešojo saugumo strateginės nuostatos aptariamos remiantis subalansuotų rodiklių sistemos metodika. Atlikta viešojo saugumo institucijų ir organizacijų, taikančių nusikalstamumo kontrolės ir prevencijos priemones, vadybinė-organizacinė analizė.