

Analysis of Sustainable Performance in Romania's Local Public Administrations: An External Stakeholders Perspective

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Building a sustainable performance system at the level of the local public administrations must have as starting point the local public administration's (LPA) mission and must go down to the level of the individual. This system must follow the external performance that it delivers to the citizens, the outcomes generated, but also the internal performance which suggests how to achieve the external performance. We propose in this regard the simultaneous use of the Balanced Scorecard tool for managing the internal performance and the Public Service Value Model for measuring the external performance measurement which derives from the organization's mission. In the second part of the work we analyzed comparatively the external performance created by the county capitals of Romania in the year 2013 using the Public Service Value Model (PSVM). Based on this analysis, the county capitals of Romania can be divided in the following categories: high performance organizations (value driven), budget conscious organizations, low performance organizations (sleeping giants) and quality conscious organizations. This classification is useful both for the external and internal stakeholders because it shows the efficiency of public money spending and the areas in which the LPA is performing well, and also the ones that need to be improved.

Keywords: performance, Balanced Scorecard, sustainable performance

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1. Introduction

The objective of this article is to analyze the sustainable performance of the local public administrations from Romania, from the external stakeholders' perspective. The sustainable performance of the public organizations is given by the value created by the organization for the concerned stakeholders by its

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mission. I propose in this regard the simultaneous use of the Balanced Scorecard tool for managing the internal performance and the Public Service Value Model for measuring the external performance measurement which derives from the organization's mission. The combined use of the Balanced Scorecard tool with the Public Service Value Model creates a solid basis in order to implement a coherent system for obtaining the sustainable performance at the local administrations level.

2. Literature Review

The concept of performance has no universally accepted definition. But in the public sector where the central objective has a side that is preponderant social namely meeting the collective needs of the society in order to ensure the economic and social balance, defining the performance concept involves ensuring the economics (economy), the efficiency and the effectiveness of a project, program, action together with ensuring fairness (equity), the environmental requirements (environment) and the integrity (integrity) (Schacter, 2002).

Implementing a system for obtaining, monitoring and measuring the performance is a necessary requirement for a public administration which is financed from taxpayer's money and which must satisfy public needs. But any attempt of targeting performance turns into a double-edged blade: it can generate favorable aspects or it may be counterproductive and generate false performance, speculative behavioral (De Bruijn, 2007). That is why thinking and implementing such a system requires accountability, rigor, analytical and anticipatory capacity of those involved.

Most systems for measuring performance in the public sector are designed and imposed by external political factors to the organization which do not fully know the specifics of the activities, which generates opposition from employees. Another essential condition for the success of the initiative is that the system must be known and accepted by everyone involved in the activity of the organization: managers, employees. Otherwise, employees will focus only on facile activities that yield results measured by the key performance indicators (tunnel vision), thereby determining a degradation of their professional activity and cases of performance paradoxes (Van Thiel and Leeuw, 2002, pp.269). Also, the public organization manager must realize that only fulfilling certain financial performance indicators can harm the quality of the public services; if he does not realize this aspect then he will not invest much effort in implementing an integrated system for obtaining and measuring performance (Modell, 2004). This means that it should exist at the individual level the honest feeling of being truly performing. If this mentality does not exist then any system can be speculated to some degree by employees, managers who do not share the organization's mission and who serve other interests. Bernard Marr emphasizes that the starting point in implementing a successful performance management is to create a "performance driven culture" (Marr, 2008, p.241).

The objectives targeted by the management and measuring the performance in the public sector have changed over time as the ideologies of the state interventionism have changed and depending on the phase of the economic cycle faced by the economy. In periods when the budget deficits are high and the objective of the state is to reduce them, the performance can mean public spending cuts and increased efficiency on the account of costs. This model is known as the "input-output model for measuring performance." This model is considered insufficient for analyzing the fulfillment achievement degree of the mission by the public organization because it must analyze the impact of the inputs and outputs over the society. Therefore, the model must be supplemented with the analysis of the outcome-flows generated by the public program / organization with the social environmental impact, meaning the model must enable the analysis of achieving a sustainable performance (Bovaird and Loffler, 2009, pp.152-154). Nan Chai also states that a system of management and performance measurement in the public sector should allow an integrated approach to social, economic and environmental objectives in a balanced way (Chai, 2009, p.4). Christopher Pollitt and Geert Bouckaert developed a logic model for measuring the performance in the public sector having as starting point the socio-economic situation, the needs of the citizens, and finally the analysis of the outcome-flows generated and their impact on the stakeholders concerned (Pollitt and Geert, 2011, p.16).

The sustainable performance of the public organizations is given by the value created by the organization for the concerned stakeholders by its mission. Public value does not just represent obtaining outcome or cost reductions, it means achieving both aspects in a balanced manner and understanding the strategic compromises that need to be addressed in this process (Cole and Parston, 2006, p.63-64; Mihaiu, 2014).

Building a system for obtaining sustainable performance at the level of the public organizations must take have as starting point the local public administration's (LPA) mission and must go down to the level of the individual. It must follow the external performance that it delivers to the citizens, the outcomes generated, and also the method of obtaining the respective performance.

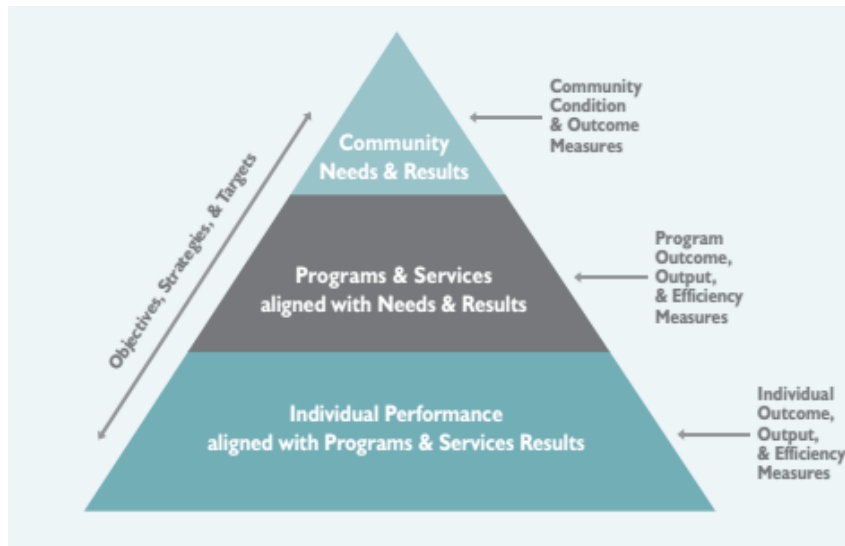


Figure 1. Performance Management System: alining mission - objectives – measurement at all levels
Source: National Performance Management Advisory Commssion, 2010, pp.13.

I propose in this regard the simultaneous use of the Balanced Scorecard tool for managing the internal performance and the Public Service Value Model for measuring the external performance derived from the organization's mission.

Balanced Scorecard is a performance management tool developed by *Kaplan and Norton* that seeks the transformation of the organization's vision and strategy into objectives, measures, results. It was originally built to serve the performance management in private companies and in this respect it combines the financial indicators with those of non-financial nature divided into four strategic perspectives for the company's success (Kaplan and Norton, 1996):

- *Financial perspective*, in which it is aimed at the financial performance of the organisation. It is the perspective in which is found the main objective of the private organizations, namely the profit.
- *Customer perspective*, which aims to customer satisfaction.
- *Internal process perspective*, which aims at the quality of the products / services, improving the processes.
- *Learning and growth perspective*, which follow the intangible assets of the organization: employees and knowhow; improving the employees' knowledge in order to provide increased support for the internal process.

Balanced Scorecard was also adapted to the public sector specific that has other goals than the private sector. In the public sector, the focus and the main objective is the organization's mission. From the mission derive the wanted outcomes and must be delivered to the stakeholders. Therefore in the public sector the focus is set on the mission and on the impact over the citizens opposed to the private sector where the focus is set on the financial perspective.

The four perspectives of the Balanced Scorecard defined by *Kladogeni Anthoula, Hatzigeorgiou Alexandros* for a LPA are:

- *stakeholders perspectives*, in which it is examined how the LPA has fulfilled its mission, the local community development.
- *financial resources management perspective*, in which is analyzed the procurement and allocation of the financial resources in the purpose of achieving the mission.
- *internal process perspective*, in which it is analyzed the operational efficiency; adapting and implementing processes that would comply with legal regulations that would respond to the internal and external informational needs; implementing control systems and internal audit, etc.
- *training perspective*, in which it is analyzed the efficiency of the employees; the human resource contributing directly to improving the internal processes.

Each perspective must be associated with a strategic goal, a set of objectives and some performance indicators related to each objective that would enable the measurement of the achievement degree of the defined objectives (Kladogeni and Hatzigeorgiou, 2001, p.71). The schematic representation of the Balanced Scorecard for a LPA in general, is shown in the figure below.

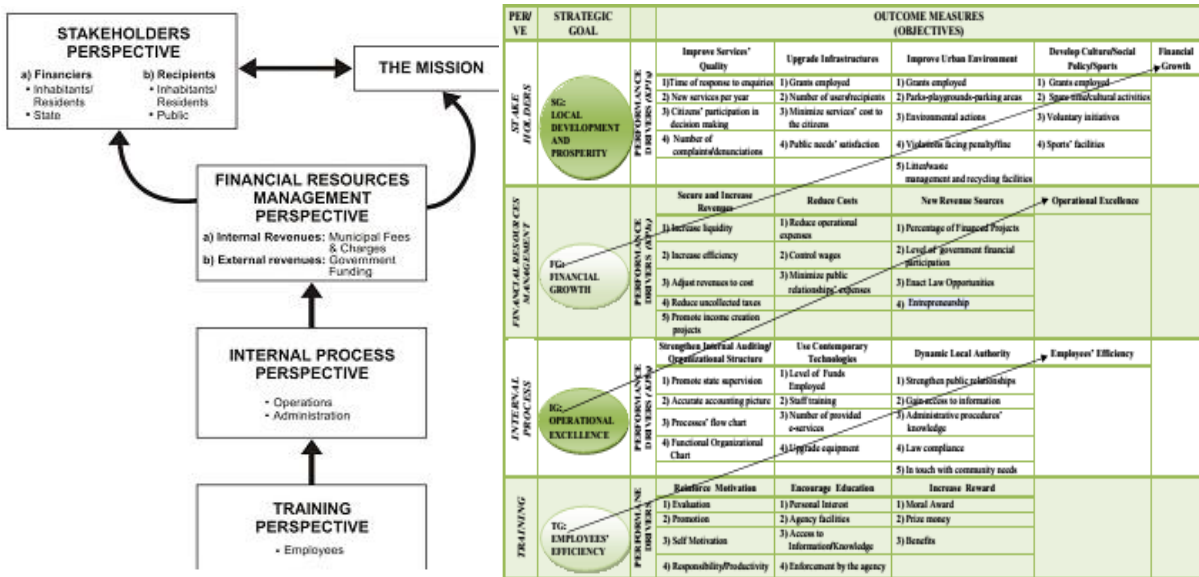


Figure 2. Balanced Scorecard perspectives for a Local Public Authority
Source: Kladogeni and Hatzigeorgiou, 2011

Public Service Value Model is a model developed by Martin Cole and Greg Parston which introduces a new way to measure performance in the public sector, namely through public value created by the public organization analyzed. The public value delivered by the organization is given by the size of the outcomes generated by it and is derived from the organization's mission, coupled with the financial effort involved, according to the following formula (Cole and Parston, 2006):

$$\text{Public Service Value} = \text{Outcomes} / \text{Cost Effectiveness}$$

This model facilitates the definition and measurement of the value created by the public organizations for external stakeholders (e.g. citizens, in general). In other words, this model allows measuring the degree of fulfillment of the mission of the organization among citizens.

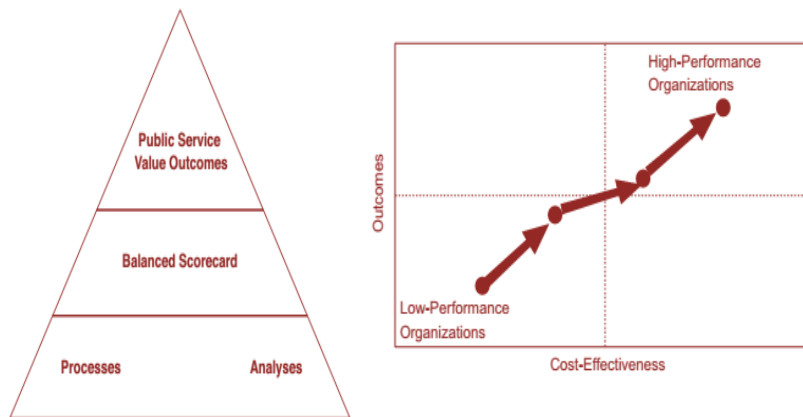


Figure 3. Balanced Scorecard and Public Service Value Model for obtaining a sustainable performance and its measurement in the public sector
Source: Cole and Parston, 2006

The combined use of the Balanced Scorecard tool with the Public Service Value Model creates solid basis in order to implement a coherent system for obtaining the sustainable performance at the level of the local administrations. Balanced Scorecard accompanied by strategy maps offers logical support for organizing and transforming the mission and APL strategy in objectives, actions and internal performance measurement indicators. Also one should not lose sight of how the LPA contributes to the local community development, meaning its external performance. In order to analyze this, the Public Service Value Model is particularly useful because it balances the outcomes obtained with the LPA financial effort involved and divides the LPA into four categories:

- high performance organizations (value driven);
- budget conscious organizations;

- low performance organizations (sleeping giants);
- quality conscious organizations.

3. Methodology

In this part we will analyze comparatively the external performance created by the county residence municipalities from Romania in the year 2013, the latest year for which there are present reporting. In this endeavor the Public Service Value Model (PSVM) will be used. The outcomes indicators were divided into 7 categories corresponding to the areas of responsibility of the LPA analyzed:

- culture and art;
- workforce;
- preparing the territory;
- population;
- health;
- education and economic development.

It was wanted the introduction of two additional categories: safety and public order, social protection, but there are no statistical reporting units for all of the 39 county residence municipalities analyzed, and for this reason they have been abolished. The primary data were taken from the National Statistics Institute reports in Romania (Romania's National Informational System, 2016, available online at <http://edemos.insse.ro>).

The Cost Effectiveness Indicator is calculated reporting the outcomes score at the LPA public expenditure/inhabitant score. The outcomes score is obtained by summing up the standardized values of all the indicators related to the 7 categories, weighted equally because we consider all the responsibility fields of the LPA have equal importance. The LPA public expenditure score is given by the standardized value through minimum amount of the public expenditure for each LPA.

Considering that the indicators are expressed in different measurement units it was imposed standardization of data, a process that was done after the following process:

- For indicators that optimize through maximum, the standardized value (Sv) of the indicator was calculated as follows:

$$Sv = (v_i - v_{min}) / (v_{max} - v_{min})$$

- For indicators that optimize through minimum, the standardized value (Sv) of the indicator was calculated as follows:

$$Sv = (v_{max} - v_i) / (v_{max} - v_{min})$$

The outcomes indicators used in the analysis of the external performance through the public value created by the county residence municipalities in Romania are presented in the table below:

Table 1. The outcomes indicators of county residence municipalities of Romania

Area of Responsibility	Outcomes indicator
1. Culture and art (C&A)	I1: Providing local communities with publicly available volumes (volumes existent in the library per 1,000 inhabitants)
	I2: The degree of access of the population to mass media and culture information (libraries / 100,000 inhabitants)
	I3: Active readers per 1,000 inhabitants
	I4: Visitors in museums and public collections per 1,000 inhabitants
2. Workforce (W)	I5: The number of registered unemployments which an averages for 100 employees
3. The territory equipment (TE)	I6: The capacity of the drinking water production facilities per capita (cubic meters per day / capita)
	I7: Existing living space at the end of the year which lies on average per inhabitant (square meters / inhabitant)
	I8: The amount of drinking water supplied to the domestic consumers which would be appropriate per capita
	I9: The amount of natural gas distributed for households who returns in average per capita
	I10: The share of modernized urban roads
	I11: The share of urban roads with water network
	I12: The level of housing renewal
	I13: The level of housing renewal
	I14: The share of urban roads with gas network
	I15: The area covered with green areas per capita

4. Population (P)	I16: Infant mortality rate (deaths under 1 year / 1000 live births)
	I17: The natural growth rate of population (inhabitants)
5. Health (H)	I18: Population access to family medicine (medical offices per 1,000 inhabitants)
	I19: Population access to dental care / dental medicine services (dental offices per 1,000 inhabitants)
	I20: Population access to a doctor (excluding dentist) (residents / doctor)
	I21: Population access to the dentist (inhabitants / dentist)
6. Education (E)	I22: Number of pupils in primary and secondary education (including special education) which averages to a teacher (students / teacher)
	I23: Gross enrollment rate of children in pre-school (%)
	I24: Workload of a teacher (preschool / kindergarten)
	I25: Share of population of age 10 years and older without education (0 years of schooling) (%)
7. Economic development (ED)	I26: The number of tourist arrivals which corresponds in average per resident
	I27: The density of enterprises (companies / 1,000 inhabitants)
	I28: The density of non-commerce enterprises (enterprises / 1000 inhabitants)
	I29: The average number of employees in active non-agricultural enterprises per 1,000 inhabitants
	I30: The average number of employees in active non-commerce enterprises per 1,000 inhabitants
	I31: The entrepreneurial Capacity (‰)
I32: The natural growth rate of enterprises (‰)	

Source: Indicators proposed by the National Institute of Statistics for evaluating the public local administration's performance

4. Results and Discussions

Based on indicators in the table above the score of the outcomes was calculated that allows visualizing the results and the impact achieved by LPA following its actions. The results of this outcome score are presented in table and graph below.

Table 2. The standardized level of the outcomes score obtained by LPA in Romania, in 2013

Municipality	Total Outcome Scores	C&A Score	W Score	TE Score	P Score	H Score	E Score	ED Score
Oradea	17.20	0.64	0.92	3.88	1.40	3.33	2.64	4.39
Bistrita	15.70	0.89	0.64	5.00	1.62	1.80	2.74	3.01
Cluj-Napoca	23.36	2.76	0.93	6.26	1.24	3.14	3.44	5.59
Baia Mare	13.71	1.44	0.71	3.59	1.50	1.85	1.69	2.93
Satu Mare	15.61	1.12	1.00	4.38	1.37	2.17	2.75	2.82
Zalau	13.51	1.33	0.56	2.81	1.63	2.08	2.95	2.16
Alba Iulia	15.47	1.73	0.25	3.31	1.35	2.60	2.89	3.34
Brasov	15.58	0.55	0.88	3.95	1.40	2.19	2.60	4.02
Sfintu Gheorghe	12.97	1.25	0.66	4.10	1.40	1.41	2.53	1.61
Miercurea Ciuc	17.01	2.06	0.55	4.40	1.36	2.08	3.26	3.29
Tirgu Mures	18.99	1.54	0.83	5.38	1.56	2.96	3.45	3.26
Sibiu	21.16	2.78	0.92	4.98	1.33	3.27	3.20	4.69
Bacau	13.40	1.19	0.62	4.34	1.29	2.01	2.37	1.58
Botosani	9.96	1.56	0.35	3.26	1.43	1.36	1.12	0.88
Iasi	14.86	1.57	0.90	3.12	1.92	2.94	1.81	2.59
Piatra Neamt	12.92	1.17	0.37	4.07	1.01	2.53	2.03	1.75
Suceava	15.37	1.70	0.61	4.20	1.64	2.85	2.33	2.03
Vaslui	10.24	1.12	0.42	3.28	1.79	0.69	2.56	0.37
Braila	7.85	0.39	0.46	3.48	0.21	0.72	1.57	1.03
Buzau	10.99	0.88	0.70	3.76	1.16	1.57	1.27	1.66
Galati	9.74	0.71	0.61	2.76	0.96	0.91	2.19	1.61
Tulcea	10.12	1.29	0.59	2.30	0.91	1.04	1.92	2.05
Focsani	9.75	0.87	0.75	2.55	1.23	1.51	1.73	1.12
Pitesti	15.93	1.23	0.59	4.43	1.73	2.57	2.56	2.82
Calarasi	7.73	1.02	0.46	3.52	0.99	0.14	0.65	0.95

Tirgoviste	13.86	2.17	0.60	3.95	1.61	1.98	1.87	1.69
Slobozia	12.35	0.96	0.42	4.78	1.26	1.32	1.88	1.73
Ploiesti	11.90	0.76	0.70	4.17	1.11	1.62	1.02	2.52
Alexandria	13.09	1.66	0.12	5.01	1.57	1.61	1.73	1.39
Bucuresti	17.79	1.22	0.82	4.60	0.78	2.61	1.48	6.28
Craiova	14.06	0.79	0.45	5.24	1.41	2.47	1.66	2.04
Tirgu Jiu	13.68	1.05	0.00	4.63	1.62	1.87	1.85	2.65
Drobeta-Turnu Severin	9.37	0.89	0.02	2.89	1.23	1.89	2.08	0.37
Slatina	13.60	0.98	0.62	4.68	1.62	1.30	2.03	2.38
Ramnicu Valcea	13.37	1.16	0.14	3.69	1.31	2.08	2.43	2.56
Arad	18.35	1.45	0.88	5.21	1.05	3.20	2.40	4.16
Resita	11.69	1.38	0.44	4.40	0.58	1.92	2.03	0.95
Deva	15.39	1.32	0.61	5.10	0.69	2.33	1.70	3.64
Timisoara	18.65	1.32	0.96	4.53	1.37	3.68	2.45	4.33

Source: Author's own calculations

It can be seen that the first place is occupied by Cluj Napoca with the highest level of the outcomes achieved. On the second position is Sibiu, the sixth position is Bucharest, and the last positions are occupied by Botosani, Focsani, Galati, Drobeta Turnu Severin, Calarasi and Braila.

In terms of the outcomes obtained in the *culture field* the first position is occupied by Sibiu, followed by Cluj Napoca, Miercurea Ciuc, Targoviste, Alba Iulia and Suceava. The worst results in the culture field were recorded in the municipalities of Craiova, Ploiesti, Galati, Oradea, Brasov, Braila.

In the field of *employment*, good results were obtained by Satu Mare, Timisoara, Cluj Napoca, Sibiu, Oradea, the municipality Iasi recording the lowest number of unemployed. The municipality most disadvantaged in terms of unemployment is Targu Jiu.

In terms of *territory equipment*, the top municipalities are: Cluj Napoca, Tirgu Mures, Craiova, Arad, Deva.

Regarding the *population*, the results obtained in the infant mortality and natural growth domains are favorable for cities: Iasi, Vaslui, Pitesti, Suceava and less favorable in Resita, Braila.

In the *health field*, the first position is occupied by the Timisoara municipality and the last position by Calarasi city. Bucharest municipality ranks 10.

In the *education field*, favorable results were obtained in Targu Mures, Cluj Napoca, Miercurea Ciuc, Sibiu. Calarasi city is on the last position.

From the perspective of the *economic development*, the first three places are occupied by Bucharest, Cluj Napoca and Sibiu. However, problems in this regard are recorded by Drobeta Turnu Severin and Vaslui.

Further, in the graph and table below, we analyze the results obtained by the LPA analyzed in comparison with the financial effort undertaken. The financial effort we considered as a local public expenditure per capita, taking into account the standardized value of the indicator.

Table 3. Public Service Value Score of Romanian local public administration

County residence	Total outcomes score	Public expenditure/inhabitant score	Cost Effectiveness Score
Cluj-Napoca	23.36	0.86	30.31
Sibiu	21.16	0.75	22.74
Tirgu Mures	18.99	0.71	19.27
Timisoara	18.65	0.59	16.03
Arad	18.35	0.67	17.66
Bucuresti	17.79	0.63	16.17
Oradea	17.20	0.35	11.36
Miercurea Ciuc	17.01	0.46	12.53
Pitesti	15.93	0.80	18.71
Bistrita	15.70	0.67	15.05
Satu Mare	15.61	0.94	24.14
Brasov	15.58	0.78	17.46
Alba Iulia	15.47	0.77	17.26
Deva	15.39	0.71	15.50
Suceava	15.37	0.64	14.16
Iasi	14.86	0.58	12.58
Craiova	14.06	0.68	13.56

Tirgoviste	13.86	0.00	6.86
Baia Mare	13.71	0.69	13.51
Tirgu Jiu	13.68	0.72	14.08
Slatina	13.60	0.42	9.66
Zalau	13.51	0.79	15.56
Bacau	13.40	0.86	17.28
Ramnicu Valcea	13.37	0.82	16.21
Alexandria	13.09	0.89	18.15
Sfintu Gheorghe	12.97	0.71	13.21
Piatra Neamt	12.92	0.84	16.04
Slobozia	12.35	0.83	15.32
Ploiesti	11.90	0.88	16.16
Resita	11.69	0.98	19.59
Buzau	10.99	0.90	15.37
Vaslui	10.24	0.07	5.34
Botosani	9.96	1.00	17.59
Focsani	9.75	0.09	5.16
Galati	9.74	0.73	10.18
Drobeta-Turnu Severin	9.37	0.94	14.41
Braila	7.85	0.96	12.60
Calarasi	7.73	0.93	11.58

Source: Author's calculations based on the centralized primary data from the portal <http://edemos.insse.ro> and from each LPA websites; *Country residence Tulcea was not taken into consideration due to lack of information

We can notice that in terms of the outcomes generated, the Cluj Napoca municipality is ranked first, followed by Sibiu. The Bucharest municipality ranks in position no. 6. The last positions in the ranking are occupied by Botosani, Focsani, Galati, Drobeta Turnu Severin, Calarasi and Braila.

Analyzing the financial effort of LPA, materialized in public expenditure per capita it is observed that the municipalities that have spent the most money per capita are: Targoviste, Vaslui, and Focsani. At the other end the municipalities with the lowest allocated expenditure per capita are Botosani, Resita, Braila, Satu Mare and Drobeta Turnu Severin.

From these comparisons it is observed that municipalities Targoviste, Vaslui and Focsani received the highest per capita financial allocations, but failed to create results and impact at the level of the financial effort, they being on the last position in the ranking of outcomes generated.

In the chart below are represented the county capital cities of Romania according to the public value created based on the Public Sector Value Model methodology.

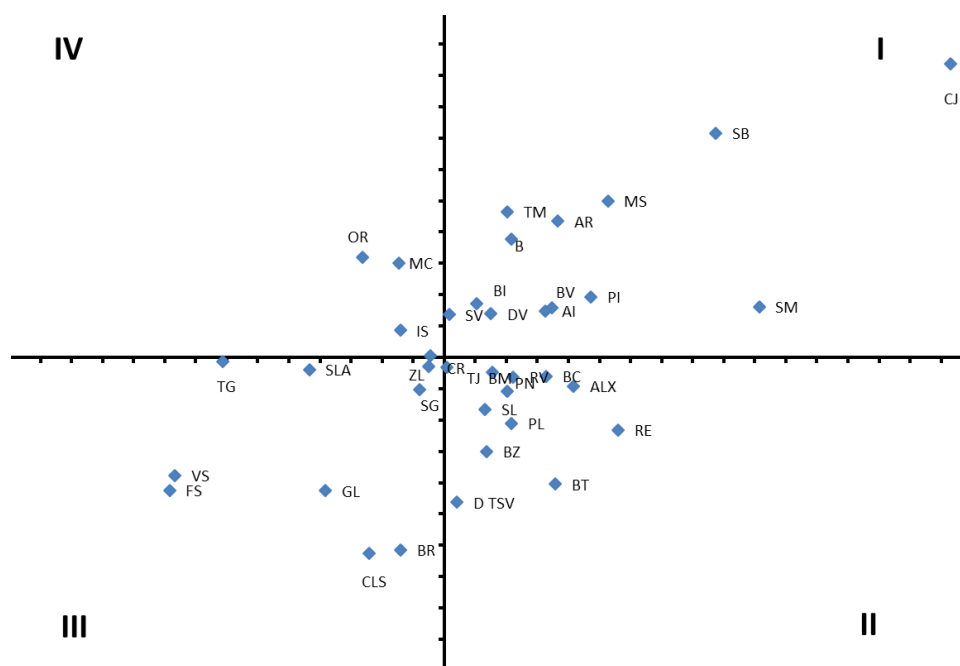


Chart 1. Public Sector Value Model for the county capital cities of Romania, 2013

Source: Author's calculations (Mihaiu, 2015, p.135)

From the chart above, realized based on the Public Sector Value Model methodology, we can see that there are outlined four categories of municipalities in terms of sustainable performance, namely:

- **Quadrant I - municipalities highly performing**, are those who record a sustainable performance because they obtained high levels of the outcomes delivered to society under the conditions of ensuring cost efficiency: Cluj (the best performing municipality), Sibiu, Targu Mures, Arad, Timisoara, Bucharest, Bistrita Brasov, Deva, Suceava, Alba Iulia, Pitesti, Satu Mare;
- **Quadrant II – buget concerned municipalities**, are those municipalities that have a high cost efficiency, but which is obtained based on some low public spending per capita, not on generating high results. The level of the outcome-flows generated is below average. From this category we mention: Craiova, Targu Jiu, Baia Mare, Piatra Neamt, forthe Bacau, Alexandria, Slobozia, Ploiesti Resita, Buzau, Botosani, Drobeta Turnu Severin;
- **Quadrant III - non-performing municipalities** are those municipalities that record outcomes below average and a low cost efficiency, meaning they consume high public funds without generating value with those financial allocations. This category includes: Calarasi, Braila, Galati, Focsani, Vaslui, St. George, Zalau, Slatina, Târgoviște;
- **Quadrant IV - municipalities focused on high quality**, are those municipalities that record really high costs, but above average and the outcome-generated are above average. Or in other words, are the municipalities who score above average but with high financial efforts. This category includes: Oradea, Miercurea Ciuc, Iasi.

5. Conclusions

In this paper I proposed using the Balanced Scorecard and Public Service Value Model for obtaining a sustainable performance and its measurement in the public sector. The combined use of the Balanced Scorecard tool with the Public Service Value Model creates solid basis in order to implement a coherent system for obtaining the sustainable performance at the level of the local administrations.

Implementation of the Balanced Scorecard as a tool for internal performance involves obtaining support and acceptance from employees. Use of the Public Service Value Model provides a tool for measuring public value created by LPA for external stakeholders. This model was applied to municipalities of Romania. Based on the results, the cities analyzed can be divided into the following categories:

- **high performance organizations (value driven)**, those that registered above average outcomes and public expenditure per capita below average: Satu Mare, Bistrita, Pitesti, Bucuresti, Arad, Timisoara, Targu Mures, Sibiu and Cluj Napoca.
- **budget conscious organizations**, those that have public spending / capita below average but lower outcomes: Baia Mare, Targu Jiu, Zalau, Bacau, Ramnicu Valcea, Alexandria, Sfantu Gheorghe, Piatra Neamt, Slobozia, etc.
- **low performance organizations (sleeping giants)**, public expenditure per capita above average and below average outcomes: Targoviste, Vaslui and Focsani.
- **quality conscious organizations**, high outcomes but also public spending per capita higher: Miercurea Ciuc and Oradea.

The limitations of this study come from the lack of data needed to study all Romania's county capital cities and all the relevant areas for a LPA activity.

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