The purpose of this study is to develop a framework for public sector organizations to assess their performance. By implementing this framework the organization will become more citizen centric while they will be able to specifically identify areas of improvement. This study methodology utilizes an extensive literature search to identify key performance areas. These areas then will be further refined using an expert focus group. The model will undergo several refining cycles moving forward along with each implementation stage. After the initial refinement stage, it was able to identify 8 distinctive performance areas which are namely These are; Customer, Finance, HR, and Internal Processes, Culture, Governance, Leadership, and Strategy & Structure. Each of these areas is comprised of several tangible and intangible Key Performance Indicators.

Key words: Organizational Health Index, Training Needs Analysis, Public Sector Performance Management, Competency Framework

Introduction

This paper attempts to introduce the integrated strategy framework on which Sri Lanka Institute of Development Administration (SLIDA) will attempt to formulate an integrated competency development and modeling approach to leverage human resource development (HRD) in the public sector organizations to assess their performance.
sector. Today, SLIDA is the premier public sector training organization in Sri Lanka for the development of knowledge and improvement of skills in Public Administration and Management. The framework has been founded on contemporary management philosophies, which in today’s context is widely accepted and practiced in many countries.

The proposed framework looks at developing public sector organizations, to adopt a citizen centric approach to their operations. The approach has three specific elements. The first of which is, the active reviewing of public sector organizations based on a citizen centric performance scorecard. Second, is the development of targeted competency building programmes to bridge identified performance gaps and develop a competency framework from data collected though multiple reviews. And finally, the periodic surveys carried out to assess the service readiness of public sector organizations.

Each of the above elements have been integrated into one framework that helps align the activities of SLIDA directly with the operational development requirements of the public sector organizations it serves. The integrated public sector development framework hopes to re-position SLIDA from the position of a service provider in generic training and development, to a strategic partner that has a direct stake in developing organization operational efficiency.

**Purpose of the Framework**

According to Central Bank of Sri Lanka and the annual report of SLIDA in 2011, only 3,250 public servants received training. This is approximately 0.26 % of the whole public sector workforce. For the last 5 years, the percentage has remained under 0.5 %. This gives a serious implication for SLIDA to have a streamlined process to provide training. SLIDA is in the view that the training percentage should hit double figures within about 5 years. It is also in the view that increasing the capacity alone will not be able to solve the knowledge gap issue, but a novel operational mechanism is needed to transfer the right skills to the right person at the right time.

On the other hand, with the accelerated economic development plan of the government, an effective operation of public organizations is required. Therefore a greater degree of flexibility and efficiency will be expected from human resources in the public sector. SLIDA believes that public sector organizations need a paradigm shift in which, organizational performance needs to be aligned directly to the needs of the country’s citizens. For decades the Sri Lankan public sector has been operating on a traditional model which proves to be highly counterproductive and rigid in terms of transferring value to its final customer, the citizens of Sri Lanka.
A modern approach is required to transform the operational mind-set of the public sector to a more citizen centric mind-set. SLIDA believes that the key to this transformation is in targeted, competency based training.

The purpose of this framework is threefold; the first being, providing a tool for public sector organizations to assess their performance (Organizational Health), the second, to develop organizational specific training, based upon the gauged performance, and finally to develop a generic competency framework which would act as the foundation upon which all SLIDA training programmes will be designed. But the authors of this paper learnt that such a generic framework is only possible if there is a database of information accumulated over the years in a wide cross section of public sector organizations. Due to the absence of such a database, the a ground up approach has been adopted where key performance areas are identified, measured and competency gaps are analysed and trended to form a final competency framework.

The ensuing pages describe the mechanics of this approach in a concise manner, to present an overview of the operational dynamics of the framework.

**Overview**

The current approach followed by SLIDA in providing training is top-down. This means SLIDA has a specific set of training programmes designed, which caters to narrow and generic domain specific training requirements. Due to this theoretical nature of the training modules, the effectiveness of training in terms of competency development that directly contributes to a citizen value transfer is questionable. Many concerns have been raised as to whether the existing training programmes are capable of solving organizational performance issues that hamper service quality. Therefore SLIDA hopes to rectify this issue by having a mechanism to identify the problem areas and tailor-make training programmes to match competency requirements pertaining to specific identified performance issues. The proposed framework hopes to address these issues and drive public sector performance through organization specific competency based training.

**Measuring Organizational Health: The Scorecard Approach**

The first step of this framework looks at measuring citizen centric organizational performance. For this purpose, organizational performance has been taken as a function of several critical areas. These critical areas
enable organizations to view performance from multiple perspectives. This idea was originally adapted from Kaplan & Norton’s (1996) Balanced Scorecard approach, where they argue that a balanced view of an organization’s performance can be achieved by adding strategic non-financial performance measures to traditional financial metrics. However, the Balanced Scorecard has only 4 perspectives. Kaplan and Norton (1996) stresses, “The four perspectives of Balanced Scorecard have been found to be robust across a wide variety of companies and industries. But the four perspectives should be considered a template, not a strait jacket. No mathematical theorem exists that four perspectives are both necessary and sufficient. We have yet to see companies using fewer than these four perspectives, but, depending on industry circumstances and a business unit’s strategy, one or more perspectives may be needed” (p. 34).

Yet the term “performance” can be misleading in public sector context. According to Richard et al. (2009) organizational performance comprises of three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.), (b) product market performance (sales, market share, etc.), and (c) shareholder return (total shareholder return, economic value added, etc.). Therefore organizational performance inherently has a “private sector” connotation. This created the need to replace the term Organizational Performance with a different but more encompassing term to meet the public sector fold. The concept of Organizational Health is relatively a new area in business literature. There is no unanimously agreed definition for the concept. According to Keller & Price (2011) Organizational Health is the ability of an organization to align, execute, and renew itself faster than its competitors. Nicklin (2010) stresses, “A healthy organization is an organization with a culture that enables effective performance and outcomes”. Lencioni (2012) believes that an organization is healthy when it is whole, consistent and complete, when its management, operations, strategy and culture, fit together and make sense. By analysing all the definitions, it could be seen that the Organizational Health is a broad concept and is highly compatible with the public sector. Therefore in this model, Organization Health is defined as a strategic, operational and functional soundness needed to achieve the organization’s purpose.

After reviewing the literature and expert discussions with select expert focus groups, organizational health in terms of driving citizen centric organizational performance in Sri Lanka was agreed to be a composite of eight Critical Success Areas (CSA). Four of these critical success areas are adapted from Balanced Scorecards. These are; Customer, Finance, HR,
and Internal Processes. Four additional critical success areas have been introduced. They are; Culture, Governance, Leadership, and Strategy & Structure.

Each Critical Success Area will be the foundation upon which the scorecard performance measurement framework will be built on. At the root of every CSA is a number of Key Performance Indicators (KPIs), which measure the health of the CSA.

**Scorecard Composition**

The ensuing passages explain the interpretation and definition of each of the selected CSA. The definition progressively allows for the selection of specific KPIs which when perused will drive citizen centric organizational behaviour.

Governance – Governance has several definitions, and it is mainly considered in a macro political setting. Governance is the act of governing. United Nation’s Economic and Social Commission for Asia and the Pacific (ESCAP) defines it as “the process of decision-making and the process by which decisions are implemented (or not implemented)”. According to Office of the Auditor General British Columbia “Governance” refers to the structures and processes by which an organization is directed, controlled, and held to account (2008, p 5). The term Governance gives rise to a phenomenon called Good Governance. Organisation for Economic Co-operation and Development (OECD), states that good governance is characterized by participation, transparency, accountability, rule of law, effectiveness, equity, etc. Australia’s overseas aid programme (AusAID) asserts “Good Governance’ means competent management of a country’s resources and affairs in a manner that is open, transparent, accountable, equitable, and responsive to people’s needs”. Office of the Auditor General British Columbia stresses that good governance occurs when an organization has, in-place structures and processes that ensure the organization is able to deliver goods, services or programmes effectively and efficiently, and meet the requirements of the law, regulations, published standards, and community expectations of probity, accountability and openness. The Australian National Audit Office (ANAO) affirms that there are five key principles underpinning good governance which are; accountability, strong leadership, integrity, stewardship, and transparency. Hence for the purposes of assessing organizational health, Governance can be defined as a fair and transparent exercise of legitimate power in making decisions, which are beneficial to the stakeholders of the organization, and as a result, being accountable for the consequences of those decisions.
Culture – Organization culture is a natural phenomenon. The culture determines how things are happening in a particular organization. Several academics have attempted to define organizational culture. Ravasi and Schultz (2006) state, organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations, by defining appropriate behaviour for various situations. Louis (1980) defines culture as a set of understandings or meanings shared by a group of people that are largely tacit among members and are clearly relevant and distinctive to the particular group which are also passed on to new members. Furthermore, Allaire and Firsipro (1984) assert that organization culture is a system of knowledge of standards for perceiving, believing, evaluating, and acting that serve to relate human communities to their environmental settings. Hence for the purposes of measuring organizational health, Culture in this framework refers to formal and informal practices, shared values, and assumptions which are prerequisites to deliver on the organization’s value proposition to its customers.

Internal Processes – According to the Balanced Scorecard (Kaplan & Norton, 1996) Internal Business Processes determines the business processes an organization must excel at, to satisfy both its shareholders and customers. They specify some generic measures such as quality, response time, cost, and new product introductions to determine internal processes. The Operations Focus category depicted in Malcolm Baldrige’s model (2011), which is similar to the Internal Processes perspective in this framework, examines how an organization designs, manages, and improves its work systems and work processes, to deliver customer value and achieve organizational success and sustainability. Also examined, is the readiness for emergencies. For the purpose of this framework, the internal processes are a set of integrated systems that contributes to the overall performance of the organization.

Finance – The Balance Scorecard identifies the financial perspective in a way how shareholders view the organization. Public administrators use financial management as a tool to examine the overall condition of an organization and make choices that will support the organization’s overall success (Finkler, 2005, p. 21; Stillman, 2000, p. 374). This critical success area refers to a manner in which the organizational funds are handled accountably in the best interest of both the organization and its governing principles.

Customer – Customer is an organizational orientation towards satisfying the needs of potential and actual customers. Kaplan and Norton as generic measures provide; satisfaction, retention, market and account share satisfaction as measures for customer satisfaction. In Malcolm Baldrige’s Quality Award, the Customer Focus category examines how the
organization engages its customers for long-term marketplace success. In this framework, Customer refers to the organization’s alignment towards creating value to its key stakeholders.

HR- Brown (2004) argues that public sector organizations need to hire, develop and train employees, establish payment systems, set conditions of employment and develop a coherent set of employment policies. However, the particularity of the public sector, with a focus on public interest outcomes rather than private interests, may add a layer of complexity that does not easily fit with HRM as a strategic partner in achieving organizational competitiveness and business outcomes. Malcolm Baldrige’s model contains a category called Workforce Focus. This resembles an HR critical success area in this model. The Workforce Focus category examines the ability to assess workforce capability and capacity needs, and builds a workforce environment conducive to high performance. According to Pynes (2009) Human Resources Management (HRM) is the design of formal systems in an organization to ensure the effective use of employees’ knowledge, skills, abilities, and other characteristics (KSAOCs) to accomplish organizational goals. HR as a critical success area is defined as the structured approach in which the organization leverages its human capital to empower and enable its core operational prerogative.

Strategy and Structure – “The public sector encounters challenges in strategy formulation and implementation that are distinct from those faced by the private sector, and these include unique cycles of leadership changes, complex internal and external dynamics, and a variety of stakeholders who have diverse definitions of success and failure” (Rose & Crey, 2010, p. 453). Brown (2010) identifies three elements as building blocks of public sector strategy. Firstly, decision makers should have access to information about factors that influence organizational goals and objectives, and develop plans of action based on that information. Secondly, plans of action based on this information should be the product of organizational participants from multiple levels of the organization rather than being centralized at the top, and should be malleable and adaptable rather than formal and static. And thirdly, the decentralized fluidity should be coupled with increased managerial autonomy to allow decision makers to re-evaluate strategies and execute midcourse corrections as conditions change and new information becomes available. Pugh, Hickson, Hinings and Turner (1968) identified six primary dimensions; Specialization, Standardization, Formalization, Centralization, Configuration and Traditionalism. Reimann (1974) revealed some empirical evidence of structure of an effective organization. Reimann used eleven measures in this study; Functional Specialization, Formalization, Lack of Autonomy, Delegation of Authority, Centralization, Functional Dispersion, Hierarchical Control, Functional Specificity, Staff Density, Administrative Density, and Vertical Span. In Malcolm Baldrige’s
model, the Strategic Planning category examines how the organization develops strategic objectives and action plans, how the chosen strategic objectives and action plans are implemented and changed if circumstances require, and how progress is measured. Strategy and Structure as an indicator of organizational health refers to the organizational readiness in terms of its strategic approach and organizational infrastructure to deliver on its core value proposition.

Leadership – Turner (2007) stresses that effective leaders enable organizations to innovate, respond to changes in markets and environments, creatively address challenges, and sustain high performance. Borins (2002) emphasizes the strong link between innovation and leadership in the public sector and asserts that there are two ideal types of innovations; top-down innovation, and responses to crises and agency turnarounds. These are led by politicians and agency heads respectively. According to Malcolm Baldrige’s National Quality Award method, the Leadership category examines how the organization’s senior leader personal, actions, guides, and sustains the organization and the organization’s governance system and how the organization fulfils its legal, ethical, and societal responsibilities, and supports its key communities. Since we have included governance as a separate perspective in this framework, Leadership for the purposes of measuring organizational health is defined as the demonstrated stewardship in terms of enablement and empowerment, provided by the organization’s leaders.

Overall these eight areas constitute a scorecard similar to the Balance Scorecard. The Critical Success Areas are gauged through a set of Measures, which use several Key Performance Indicators (KPIs). This scorecard will provide a complete picture about the performance of the organization. For example, let us take the Customer Focus critical success area. This area is calculated using seven Measures. Each of these seven measures will have varying importance to different organizations. Therefore the measures are weighted according to the priority of the organization. Among them, Customer Responsiveness is one measure. This measure is directly linked to six KPIs; Number of customer satisfaction surveys conducted for the measurement period, Availability of a customer grievance handling policy, Number of methods available for customers to provide qualitative feedback about service performance, Number of initiatives to provide customers with information, Number of customer suggestions acted upon, and Number of employees undergone customer service training.

Beyond the Scorecard: Measuring KPI Quality and Training Need Analysis

Each of these KPIs is measured using a scale of 0 to 5. This scale is developed
using six unique scenarios for each KPI. At the extremes of the scale are the best case and worst case scenarios; best case being Level 5 and worst case being Level 0. Each level corresponds to a numerical value which will be used in the KPI dashboard to calculate the Organizational Health Index. The scale attributes to a value scheme, enabling a mathematical representation of the performance of each CSA. Therefore the aggregate value of all CSA is called, Organizational Health Index.

![Figure 1. Basic model of the Organizational Health Check](image)

The framework is run on a computer based/Excel spreadsheet dashboard. This dashboard reflects the performance of each CSA, Measure, and KPI. With the data, it is capable of calculating the OHI.

This framework extends its operations beyond measuring the organizational health. Since the scales measure the quality of the KPI, the gap between the level of the scale at the time of measuring the KPI and the best case scenario, will show the performance gap. It is through this, that the competencies needed to bridge the gap could be identified. SLIDA will be able to develop specific training programmes for the competencies that leverage the maximum possible value for its KPIs. When the entire set of KPIs are considered, the targeted competency training programmes will directly affect organizational performance positively, and ultimately the value transfer to the organization’s final customer.

**Deploying the Framework**

The OHI framework will first be deployed in 10 select organizations, and the elements of the framework will be continuously developed in iterative cycles. With the first cut of the OHI assessment scorecard ready, the objective will be to adopt a collaborative, evidenced based approach to assess the organizations’ health, and subsequently developing targeted development initiatives to bridge any identified gaps. With each audit
and cycle, the OHI scorecard will be refined and the collected evidence of training needs to bridge performance gaps trended into a competency framework. After several iterations and multiple assessments the aim is to identify root/base competencies that could be modelled into a Sri Lankan Public sector competency framework.

**Competency Framework**

Over time, the findings from the Organizational Health Checks will be trended into a Sri Lankan public sector competency framework. The proposed framework will comprises of nine tiers. Each tier has a specific set of competencies. These nine tiers can be grouped into three categories. The upper tiers describe the knowledge, skills, and abilities specific to an occupation within an industry. Tiers four to five comprise of the industry-wide technical competencies needed to move in different subsectors of the same industry. Tiers one to three form the foundation competencies that represent ‘soft-skills’. Competencies encompassing tiers one to three are predefined, whereas competencies in tiers four to five are not predefined. These will be defined with the help of subject matter experts and industry experts.

This competency framework for the Sri Lankan public sector will be evidenced by the multiple organization specific health checks that will be conducted. The idea is to identify base competencies that enable citizen centric organizational performance. By starting from the organizational health checks and providing organization specific training, data will be collected throughout multiple audits to acquire root competencies that enable multiple types of citizen centric performance behaviour. Since this study is entirely based on deductive research approach, the initial model will be going through numerous changes it progress through implementation cycles. To begin, a pilot study will be conducted at SLIDA to test the model. This will provide practical insights on the model so that the future implementation can be modelled using these insights.

*Service Quality Survey (external analysis)*

To verify the effectiveness of the above approach, SLIDA hopes to carry out organization specific service quality surveys which measure the perception of the services rendered. The assumption is that if the CSAs, and KPIs are aligned to increase citizen centric performance, and the training done by SLIDA specifically address any competency gaps, the direct result could be measured by the perceived service quality of each of the organization’s customers. This survey aims to gauge the service quality from a customer viewpoint. For this purpose, SERVQUAL which was developed in the
by Zeithaml, Parasuraman & Berry will be used. It consists of Reliability, Responsiveness, Assurance, Empathy, and Tangibles. Tangibles is the physical evidence of the service; Reliability is the ability to perform the promised service dependably and accurately; Responsiveness is the willingness and/or readiness of employees to help customers provide a prompt service and timeliness of service; Assurance is the knowledge and courtesy of employees and their ability to convey trust and confidence: competence, courtesy, trustworthiness, and security; Empathy is the provision of caring and individualized attention of customers. The service quality dimensions are mapped to the competency framework. The survey outcome will be compared against the internal investigation to find out if there are any deviations. If there are any differences, there will be a separate investigation to find out the cause of such an incident through the organizational health check scorecard.

Figure 2. The modelling of deployment of Organizational Health Check

Conclusion

To overcome the challenges of knowledge transfer needed to position the Sri Lankan public sector as a more citizen centric enterprise, a more revolutionary approach is required. The approach requires SLIDA to position itself as a strategic partner in organizational development from its current position as an organization that provides generic training and development. As a response to this, the OHI framework is devised by SLIDA to deliver training to its clients in public sector organizations with the highest possible accuracy and efficiency. The framework uses a balanced view approach, where it not only considers a single perspective, but a multitude. The framework derives Organizational Health from all these perspectives. The perspectives are made measurable using clusters of KPIs called Measures. These KPIs are linked to a scenario-based scale, varying from 0 to 5. The aggregated value of all CSAs gives the OHI
score. In parallel to internal investigation, a service quality survey will be conducted. The survey uses the SERVQUAL method to capture the service quality. The purpose of this survey is to verify and complement internal investigation. Once the verification is finalized, the training needs analysis stage will begin. This uses the internal investigation results to identify training needs. As all the KPIs are mapped to a predefined competency framework, SLIDA will be able to easily translate the performance into specific competencies. These competencies will be used to develop training programmes for these organizations. This allows the public sector to receive well focused and tailor-made training programmes from SLIDA, thus ensuring the maximum efficiency in transferring knowledge.

The model when in place will drive itself where the organizational health check will ascertain the performance gaps, and the organizational training and capacity development programmes developed, will bridge those gaps. The external client survey will verify the effectiveness of the organization citizen centrism which will in turn, verify the effectiveness of the training and capacity development initiatives undertaken by SLIDA for the organization.

The model in itself is not without weaknesses. However, it is a step towards enabling SLIDA to engage in high involvement competency based organizational specific training and capacity development. The aim will be to improve the model in iterative cycles through which much of the inherent issues pertaining to design and deployment of the model could be overcome.

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Note: Lalinda Sugathadasa has contributed his valuable inputs for second time reading and arranging the paper according to editorial comments. He is a Management Consultant who has about 5 years experience in working with both public and private sector. His current interest is in helping organizations to improve their performance and increase the value of human capital. He holds a Bachelor of Business Double Major in Marketing & Management from Edith Cowan University, Australia.