

**University of Pardubice**

**Faculty of Economics and Administration**

**Performance Driven Culture in the Public Sector**

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In Pardubice on May 29, 2020

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## **ABSTRACT**

*NOWADAYS, ORGANIZATIONAL CULTURE HAS BECOME VERY CRITICAL ISSUE FOR PUBLIC SECTOR ORGANIZATION TO ACHIEVE ITS GOALS IN THE ORGANIZATION. PUBLIC SECTOR ORGANIZATION INTENDS TO PROVIDE BETTER SERVICE TO CUSTOMER. THE STUDY AIM TO DEFINE A SET OF KEY CHARACTERISTICS OF ORGANIZATIONAL CULTURE THAT CONTRIBUTE TO HIGHER PERFORMANCE OF PUBLIC SECTOR ORGANIZATION. CASE STUDY ANALYSIS ALONG WITH QUALITATIVE METHOD APPROACH IS EMPLOYED IN THE RESEARCH PART. IN ORDER TO GET THE OBJECTIVES OF THE STUDY, LOCAL GOVERNMENTS FROM THREE DIFFERENT COUNTRIES (FINLAND, SWEDEN AND NORWAY) ARE ANALYZED. AS DISCOVERED FROM CASE STUDY ANALYSIS, THESE LOCAL GOVERNMENTS HAVE SUCCESSFULLY CONSTRUCTED AND IMPLEMENTED PERFORMANCE MEASUREMENT AND MANAGEMENT SYSTEM. CONCURRENTLY, THEY ARE PRACTISING PERFORMANCE DRIVEN CULTURE KEY CHARACTERISTICS TO DEEPLY GO THEIR ORGANIZATIONAL TARGETS WITHOUT ANY DIFFICULTIES. ALTHOUGH NEARLY KEY CHARACTERISTICS ARE ADOPTING, ONE IS STILL MISSING TO ENCOURAGE THEIR EMPLOYEE MOTIVATION.*

## **KEY WORDS**

*ORGANIZATIONAL CULTURE, PERFORMANCE DRIVEN CULTURE, KEY CHARACTERISTICS, LOCAL GOVERNMENT AND PERFORMANCE MEASUREMENT AND MANAGEMENT SYSTEM*

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## **LIST OF THE ABBREVIATIONS**

BSC – Balanced Scorecards

KPI – Key Performance Indicators

LGO – Local Government Organization

PMF – Performance Management Framework

NPM – New Public Management

PMS – Performance Management System

CEO – Central Executive Officer

## **INTRODUCTIONS**

Organizational culture is a very popular problem in all organisations today. Organizational culture and environment play in many roles. They can be shaped through the community of their organisations. Organizations are required to create the right organizational culture in order to manage results effectively. The characteristic and measurable uniqueness that emerged within each organization is organizational culture (Lee, 2018). Worker training must be carried out within the organisation. This work will lead to strengthening the company's current understanding on how culture drives organization progress.

This will also help corporate workers raise awareness of how the culture of companies impacts their performance in a way that enhances profitability that ends up positively impacting the organization's income and that will improve the employee's benefits. In addition to the current public-sector emphasis is on "performance culture," a concept often overlooked in businesses.

One scholar saying is that organizational culture can combine people together and let them part of the organizational experience (Gunaraja 2014). That culture is stated as an important one and core of an organization by Ricky(2007). The importance of corporate cultures for growth, success and performance is needed to highlight(Schein, 2009). Organizational culture has been increasingly playing as a key factor in organizational performance.

The organization culture had mentioned as the key influencer of the performance by Shahzad et al. (2013) and establishes that a great source of performance excellence and consistent achievements is said to be the strong organization culture.

The main aim of this research is to define a set of key characteristics of organizational culture that contributes to higher performance in the public sector organization.

In this thesis, it is divided in to six distinct sections, the theoretical background is going to be described in the first chapter with the relevant sources and an explanation of the research on organizational culture and performance driven in the public sector. In the second chapter, the definitions of performance driven culture along with describing theoretical view is mentioned. The methodology and approach of survey and research will be provided in the third chapter. The case study analysis of performance driven culture characteristic is discussed in the fourth chapter. The fifth chapter of the thesis is related to the case study analysis

discussion and recommendation. The discussion of the results will be described as conclusion in last chapter of this thesis work.

# **1. THEORETICAL BACKGROUND OF ORGANIZATIONAL CULTURE**

This chapter focuses on main area in the theoretical concepts of organizational culture: definitions, elements, models and related aspects of organizational culture.

## **1.1 Definition of Organizational Culture**

In order to search for an understanding of the phenomenon of organizational culture, a basic definition is needed to be understood. There are many definitions for organizational culture and each author defines in his/her own idea. (Hofstede, 2005) stated that a set of relationships and beliefs as well as values and work styles which distinguishes one organization from another as an organizational culture. Linking with it, (Leovaridis & Cismaru,2014) mentioned that for both the older members and new members of an organization are served frame of beliefs, values and their opinions are as their organizational culture. Van den Berg and Wilderom (2004) stated that organizational culture portrays to the shared discernments of organizational work inside organizational units that might vary from other organizational units. It is the commonly subordinate set of shared values and carrying on ways that are conventional to the organization and has propensity to propagate themselves (Kotter & Heskett, 1992).

Mullins (2006) defines as the collections of conventions, values, convictions, approaches and demeanors that grasp a wide point of view on everything that one does and considers in an organization. Aswathappa(2003) too depicts to culture as a complex entire which incorporates information, convictions, craftsmanship, ethics, law, customs and other capabilities gotten by people in a society. Arnold (2005) reveals that organizational culture is the particular standards, values and behaviors which combine to grant each organization a particular character. Later on, (Akta, Çiçek, & Kıyak, 2011) stated that a demonstrate of standards, values, convictions and demeanors incorporates a critical impact on organizational behavior..

Moreover, organizational culture is the unique shared assumptions form, values and principles that shape socialization exercises, images, customs, dialect and gather of individuals (Hellriegel et al. (2004)). This definition emphasizes a number of imperative view of organizationl culture such as shared suspicions, shared values, shared socialization and standards and dialects conjointly appers how authoritative culture helps workers in being presented and mingled into unused association, whereas concurrently guaranteeing inside

integration. By so doing, organisational culture reveals to employees how to think, understand and feel when are faced with new problems within new organisational environment.

(Maleka et al., 2015) stated that culture can be the critical factor in competitive success. Culture can accelerate inspiration, commitment, and people's improvement. A positive, cohesive corporate culture can create an environment that employees are reluctant to leave, an experience for customers that is unique in the industry and has contributed to profitability.

(San 2008) stated that organizational culture is manifested in the typical characteristics of the organization, in other words, organizational culture should be regarded as the right way in which things are accomplished or problems could be realized in the organization. It is widely recognized that organizational culture is described as the profoundly rooted values and beliefs which are shared by people in an organization. In another perspective from his view, culture can be reflected as 'software' within an organization, because it's 'software,' managers will research carefully to seek to figure out how each part of 'software' functions on the basis of 'hardware' (only in relation to the company as operating hardware).

Organizational culture is typically the "fixed theory" of essential principles, opinions, and understandings that participants have in common, culture offers the best ways of thinking , feeling, and responding that can help managers make decisions and coordinate organizational activities. A successful organization should have strong cultures that can fascinate, sustain, and reward people for fulfilling tasks and achieving goals, whereas strong cultures are typically demonstrated by participation and teamwork at the service of shared values. And it should be clearly understood how much an person involves with an organization at its best (San 2008).

Andrew Brown (1995, 1998) mentioned that "Organizational culture refers to the pattern of beliefs, values and learned ways of coping with experience that have developed throughout the course of an organizational history and expected to be reflected in its material structures and in its members' behaviours."

According to Ricky (2007), culture is a critical part of internal environment of an organization. According to Hofstede, organizational cultures are not same from that of national culture. It is not like national cultures, people are sensitive to organizational cultures and they learn this culture in their life at workplace later (Hofstede, 2005). Schneider (2004) proposed that an organizational culture determines the rules within in which people behave, further the methods and the ways people communicate.

The above mentioned statements are the relevant definitions for this study which are expressed by various authors. On the other hand, those qualities of the organisation that provides it a specific climate are included in organizational culture. As a result, the unique qualities of an organisation might obtain the action of the goal and the success of the organization.

## **1.2 Elements of Organizational Culture**

There are numerous theoretical frameworks designed by some authors for organizational culture. As they provide a wide range of variations in those cultures, models are useful (Brown, 1995). To get a better knowledge of organisational culture, (Schein, 1992) and (Hellriegel et al., 2004) models are going to be briefly described. The elements are described according to Schein model.

Three levels of culture namely observable artefacts, exposed values and basic underlying assumptions will explain from viewer side. (Schein (1992)).

Basic underlying assumptions can be found at the innermost and hardest level of the organisational culture and are the most difficult for an outside observer to identify and occupied for grant for unconsciousness and besides perceptions, behaviour and thought processes are decided (Schein, 1991). If you can understand one statements, it is more easier to realize the other things.

Artefacts are concepts which is not easy to interpret and shows visible examples of how the organizational culture function in relation to the form of physical (buildings and architecture), behavioral (non-verbal communication), language (language conventions and styling in the statements) (Burszta 2008).

Exposed values are established by the manager or leader and it has wider understanding. These later practiced into the organisation (Schein, 1991) and agreement, norms and philosophies can be found. According to its, over a period of time, these interchange each other leading to success in the organization.

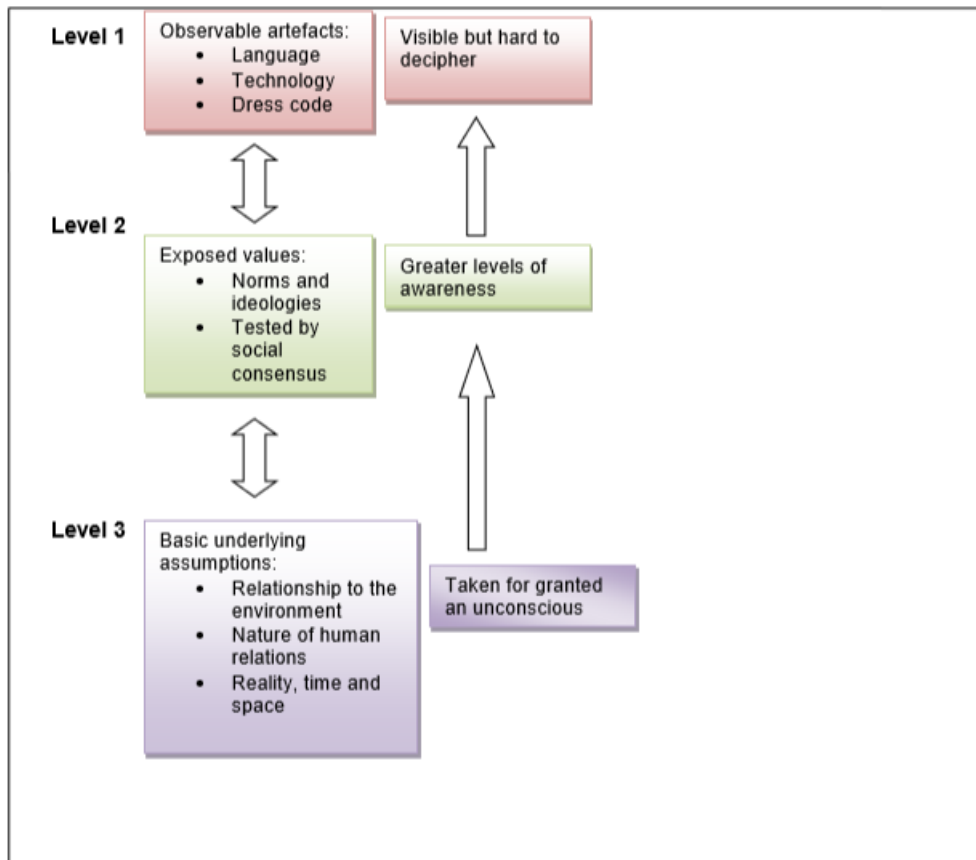


Figure 1: Three-level organizational culture model (Schein 1992)

Source: Schein 1992

There are other factors of organizational culture. According to Martin (2001), organizational culture heavily relied on the organizational founders, characters, and the ways how they prefer to do things. The author also describes that employees undergo a socialization process, where they come into an organization and at first, they must know their supervisor or manager, by socialization, and system of procedures. Then, a transition phase follows, as both parties are accustomed to working with one another (Martin, 2001).

Associating between employee members who share an opinions or belief and actions in an organization, are cooperating together within the organization make organizational culture improves (Greenberg and Baron (2003)). Therefore, the process of socialization can be assumed to operate as a vital point of introduction to the organizational culture accordant with the authors (Grebe 1997, Hellriegel et al., 2004; Rowe et al., 1994) Handy (1993). It also demonstrates many other impacts which decide the culture of an organization.

History and ownership : is one of the issue. Organizational history is depended on by the organization, and in addition it involved as main part because organizations constitute the important person like founders, key executives and influential groups (Baron and Greenberg ,

2003). The organizational culture is stronger than the employee inside because even there is no people, it will still remain to be there. It also depends on the cooperation of the employees even culture is persistent (Martin, 2001).

The culture of an organization is also influenced by ownership in the cultural difference according to the different leadership styles. The younger organizational leaders will frequently change the norms of culture when they come to the organization (Handy, 1993; Martin, 2001).

Size: The size of an organization has the most significant effect on the organizational culture's type (Handy, 1993). In bigger organizations, procedures give clearer definite structure because it has large cultures and in small organizations, the processes are separate from that of larger organization because of the nature of the size of operations (Handy, 1993; Martin, 2001).

Technology: The types of work and also people are considered as the design of the organization for the technology used in an organization will have an influence on the culture of that organization (Handy, 1993). Members' technical proficiencies will be highlighted by an organization in the beliefs govern its culture, on condition that the organization concentrates in the utilization of innovative technology in its functions (Martin, 2001).

Goals and objectives: Culture can be affected by what the organization wants to accomplish but culture can also impact aims that the organization seek (Handy, 1993; Martin, 2001). Organizational goals and organizational culture are directly proportional because once the culture changes, organizational goals will change over a period of time (Handy, 1993).

Environment: A number of dependent and independent elements form external environment, the culture of that organization can be change because of the organizational way of behaviors together with these elements (Martin, 2001). The essence of the workplace is frequently taken for granted within the context by an organisation's employees, nevertheless deciding the organizational culture is more important, members in the organization occupy the environment, for instant, different people would rather like different cultures. The change of environment needs sensitive and flexible cultures and in addition to diversity in the environment, it also requires diversity in the organizations structure (Handy, 1993).

People: There is a match between the organization, its culture and individual employees would have consequences (Handy, 1993). Within organization, the individual preferences of managers are important because they will possess a particular influence in defining the main organizational culture, regardless of what it is. (Handy, 1993).



### **1.3 Function of Organizational Culture**

(Arnold, 2005), the most important function in organization culture is to recognize the way of doing things to support meaningful organizational life. Making sense is an question of corporate culture, as members of the organization need to learn information from former members. As a consequence, participants in organization are able to gain from tests and errors concerning knowledge Information other people have gained.

By mean of distinguishing primary goals and job procedures, organizational culture also decides organizational behavior, how members ought to work together with each other; and how to organize personal relationships (Harrison, 1993). the functions of organizational culture indicated by Brown (1998) below:

- Reduction of conflicts: A common culture encourages continuity in interpretation, question identification, evaluation in problems and viewpoints, and action preferences.
- Coordination and control: It also encourages organizational processes of coordination and control primarily because culture promotes continuity of outlook.
- Reduction of uncertainty: Embracing the cultural frame of mind is an anxiety mitigation tool that simplifies the world of life, makes decisions simpler and logical action seems feasible.
- Motivation: A proper and cohesive culture can provide a focus for employees to identify and loyalty, foster beliefs and values that encourage employees to perform.
- Competitive advantage: The organization's chances of business success are improved with strong culture.

In addition to the above functions, there are another functions described by Martins and Martins (2003) in the following;

- It has a role that defines boundaries, that is, it creates distinctions between one organization and the other. It expresses a perception of identity to organizational members.
- It enables commitment to something larger than individual self-interests.
- It improves social system stability because the social adhesive which helps to combine the organization by supplying appropriate standards for what employees are supposed to say and do.

- It provides as a meaningful control mechanism that guides or shapes the attitudes and behaviors of employees.

These organizational culture functions suggest that an organization can't operate without a culture, because it helps the organization achieve its goals. Organizational culture commonly provides organizational members direction towards the achievement of organizational goals and objectives (Hampden-Turner, 1990).

Moreover, culture performs the following functions:

- Culture improves coherent management and the work cultural creation is a time-consuming process. Therefore, the culture of an organization is not able to alter rapidly people's action in the organization. Through physical environments, symbols and values, it corresponds to people and thus strengthens coherent technology and structure (Saiyadain, 2003).
- Culture enables initiation and socialization. Initiation means that a process of which new applicants are socialized towards an organization and trained into the prospects of the organization, its cultural norms and behavior. The trainee assimilates the culture of the organization that are able to change his or her attitudes and beliefs to attaining an internalized commitment to the organization (Saiyadain, 2003).
- Culture promotes a rule of behavior and a strong organizational culture clearly reveals behavioral styles. With the purpose that people are aware of that specific behaviors are anticipated, and others would never be seen. It should be obvious to have a strong culture where members share a collection of beliefs, values, and expectations that could invisibly influence their actions. Where people have thoroughly absorbed culture, they view it in a normal manner consistently in typical behaviour. Promoting a quality culture will help to achieve high quality business outcomes (Saiyadain, 2003).
- Subcultures play in a role of diversity of organization. Values and assumptions in subcultures and subsystems which can be founded on departmentalization, action hubs or geographical locations, give implication to localized interest, particular people's association in the macro-organization. Subcultures can affect the organization in many ways:
  - Maintain and consolidate the existing culture.
  - Encourage something very different from those existing.

- Advance a totally opposite subcultures (beliefs and values) or counterculture when there is in a difficult situation (Saiyadain, 2003).

#### **1.4 Typology of Organizational Culture**

##### Denison Model (1990)

After Schien, the basic values and perceptions that account for the deepest stages of corporate culture are at the heart of Denison 's model (Yilmaz, 2008). Such simple assumptions provide the impetus from which more surface-level cultural components (Denison, 2000).

Comparisons of organizations endorsed comparatively more "surface-level" principles are made in Denison 's model, and their manifest activities. Such qualities are considered both more attainable than theories and more accurate than objects (Denison, Yilmaz 2000, 2008). The organizational culture model of Denison is focused on four cultural features that are mission, involvement, adaptability and consistency that are described in the literature to influence organizational performance (Denison, 1990; Denison & Mishra, 1995).

The four Denison's framework of organizational culture are as the following :

**Involvement:** Effective organizations allow their people to create teams across their organizations and increase the human capital at all stages (Lawler, 1996). Executives, managers, and employees are dedicated to their jobs and perceive they hold a portion of the organization. People at all levels believe they have at least some insight into decisions which will affect their work and are directly related to the organization's goals.

**Consistency:** Organizations often aim to be successful, since they have well-coordinated, highly cohesive and well-incorporated "solid" cultures. Behavior is rooted in a collection of core principles, leaders and followers are skillful even though there are multiple points of view to achieve consensus (Block, 1991). This form of continuity is a powerful source of cohesion and inner alignment resulting from a shared mindset and a higher degree of compliance.

**Adaptability:** Unexpectedly, well-build organizations are not the easiest ones for a change. Internal integration and external adaptation may be advantages. Organizations which are adaptable are driven by their customers, taking risks and learning from their mistakes. They also have experience and capacity in generating the change (Nadler, 1998). Further, (Stalk, 1988) describes that the system inside the organization is being changed continuously in

order that they become to get better collective capacities of the organisations to support for customers.

Mission: There is a clear aim and direction in successful organization which explains Organizational and strategic goals and reveals a vision how the organization will consider in the future (Hamel & Prahalad, 1994). Changes will also cause in other aspects of the organization’s culture, only when underlying mission of the organization changes.

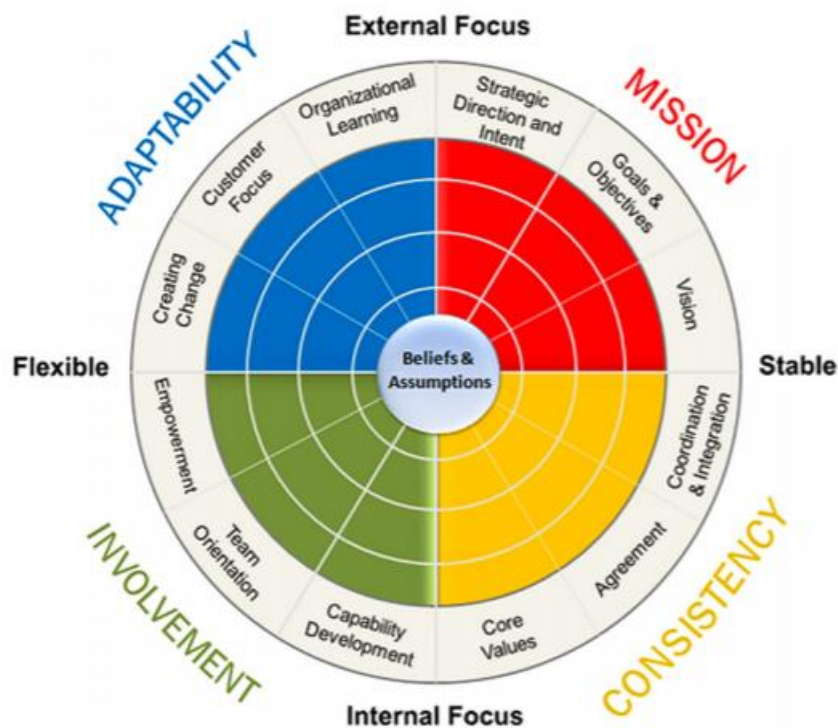


Figure 2 : Denison’s model of organizational culture

Source: Denison Model (1990)

There is one another typology (Hellriegel et al., 2004) model is explained as stated by Hellriegel et al. (2004), a unit pattern of organisation is formed by cultural elements and their relationships within an organisation, and its culture is generated. Bureaucratic, clan, entrepreneurial and market cultures are elaborated according to them (2004). Figure represents the first model which will be discussed in accordance to organisational culture.

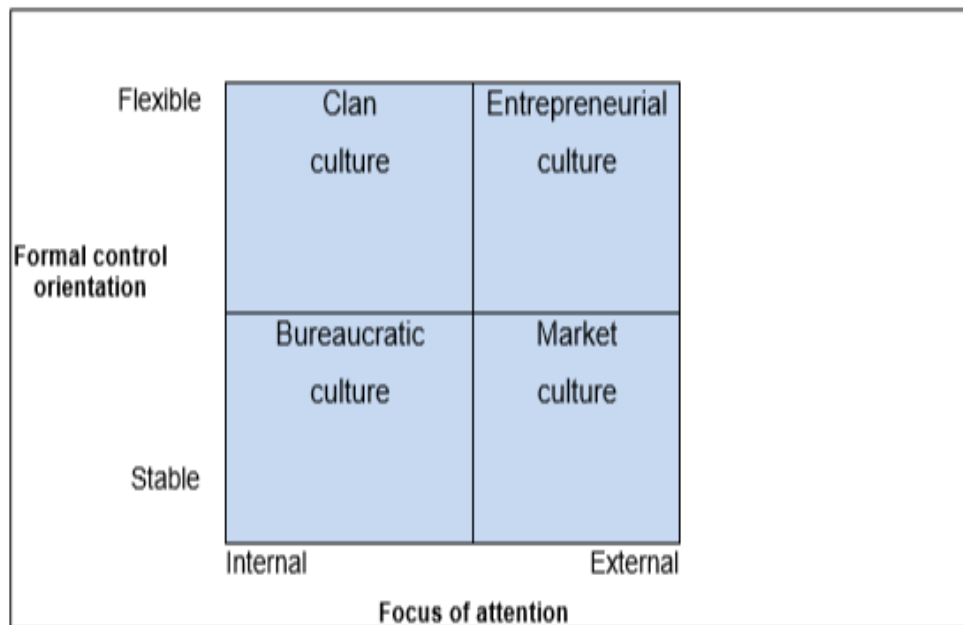


Figure 3: Organisational culture model (Hellriegel et al., 2004)

*Source: Hellriegel et al., 2004*

In the figure, the formal orientational control is shown by the vertical axis in the organization, that varies from stable to flexible. Contradiction with the horizontal axis, it expresses the relative focus on attention of the organization, and extends from internal to external functioning. Four elements match to four types of corporate culture, are called the bureaucratic, clan, entrepreneurial and market cultures. The four cultures are mentioned in brief below;

**Bureaucratic culture:** This kind of organization values rules, organizational management, formalization and standard operating procedures, with performance, predictability and consistency being the long-term concerns (Hellriegel et al., 2004). In a bureaucratic organization, managers are effective coordinators, leaders, and enforcers of clearly specified rules and procedures. The roles, duties and authority for all the organization's workers are often set out clearly. He continues to reveal that most municipalities and institutions of government have bureaucratic cultures that impede their effectiveness and productivity. This organization's emphasis is on internal and formal control is stable.

**Clan culture:** Tradition, commitment, teamwork, personal engagement and self-management are characteristics of this form of organization. Focus is internal but there is flexibility in formal control. Organization leaders accept obligation outside their job responsibilities in the expectation that their contributions to the organization can surpass their contractual agreements. Employees recognize that their long-term commitment to the organization, in the

form of loyalty, is in return for long-term commitment in the form of protection by the organization against them. Unity from that culture is generated through a long and thorough enculturation process, in which long-term clan individuals serve as guides and part models for more current individuals. There's moreover extraordinary peer drive to follow important standards within the association and an environment is made where few divisions are cleared out totally free from standardizing weights, which may likely make advancement and risk-taking conduct (Hellriegel et al., 2004). Success can be presumed to rely on participation, collaboration, decision making and employee sensitivity to clients and concern for individuals (Hellriegel et al., 2004).

Entrepreneurial culture: Aspects of this cultural type are high levels of hazard taking, dynamism and creativity (Hellriegel et al., 2004). Employees are obligate to testing, innovation and foremost edge. This sort of culture reacts to bear a alter quick and creates alter since of person activities, adaptability and flexibility driving to development and compensate (Hellriegel et al., 2004). Viability implies that giving modern and special items and fast development. The association centers its consideration remotely and formal control introduction is adaptable to fortify development and alter.

Market culture: The achievement of tangible and challenging targets, particularly those that are oriented finance and driven market are charaters of this form of organisational culture which is mentioned by Hellriegel et al .( 2004). The relationship between representative and association is legally binding, where the commitment of each has understanding in progress. In this way, the formal control introduction is steady. Usually since the worker has obligation for an assention execution level, for an assention level of compensation and remunerate in return (Hellriegel et al., 2004). Therefore, competitiveness and a profitable orientation arise in the organization as improved rates of employee performance are rewarded by increased organizational compensation (Hellriegel et al., 2004).

### **1.5 Strength and weakness of Organizational Culture**

Organizational culture can have weakness or strength. According to Martins and Martins (2003), "the essential values of the organization are strongly organized and widely distributed within a strong culture." This means that when member in the organization agree to the shared values and they develop more pledged to them. Therefore, a strong organizational culture implies to organizations where beliefs and values are shared relatively constantly throughout an organization (Deal & Kennedy, 1982).

There is a huge effect on the behavior of organizational members in the strong organizational culture (Martins & Martins, 2003). In another way, a solid culture has a great power for driving behavior (Deal & Kennedy, 1982).

A solid culture is typically conceptualized as a coherent set of beliefs, values, assumptions, and practices embraced by most members of the organization (Baker 2002).

Brown (1998, p 226), believed that solid and firm organizational culture will help an organization in achieving higher performance on the basis of the following grounds:

- A solid organizational culture enables goal configuration.
- A solid organization culture conducts to higher concentrations of employee motivation.
- A solid organizational culture is compatible to be able to understand from its past.

In association with advantages above are of a strong organizational culture, “one specific result of a strong culture should be a lower employee turnover” is described by Martins and Martins (2003, p 382). The reason is that when organizational individuals concur almost what the organization stands for, the conclusion comes about are cohesiveness, dependability and organizational commitment (Martins & Martins, 2003).

On the other side, A weak culture implies the inverse of a solid culture, in other words, organizational individuals don't subscribe to the shared convictions, values and standards (O'Reilly et al, 1991). In such culture, it is troublesome for organizational individuals to distinguish with the organization's center values and objectives (Wilson, 1992).

There is a negative effect on employees in weak culture as they are linked closely to enhanced turnover (Harrison, 1993). In essence, the fundamental quality of the organization's culture is chosen by how frail or solid it is.

## **1.6 Specifics of Organizational Culture in the Public Sector**

Many studies (Zammuto et al. 1999 and Parker & Bradley 2000) applied competing value framework in order to investigate organizational culture in the public sector. It discovers the competing requests inside organizations between their internal and external situations on the one side and between control and flexibility on the other side. These clashing requests comprise the two axes of the competing values demonstration. An internal or inside focus in an organization highlight integration, data administration and communication though organizations external organization emphasize development, resource acquisition and

interaction with the outside environment. Within the moment measurement of clashing requests, organizations with a center on control highlight steadiness and cohesion whereas organizations with a center on adaptability underline versatility and suddenness. Four models are given by these two dimensions: Human Relations; Internal Process; Open Systems; Rational Goal.

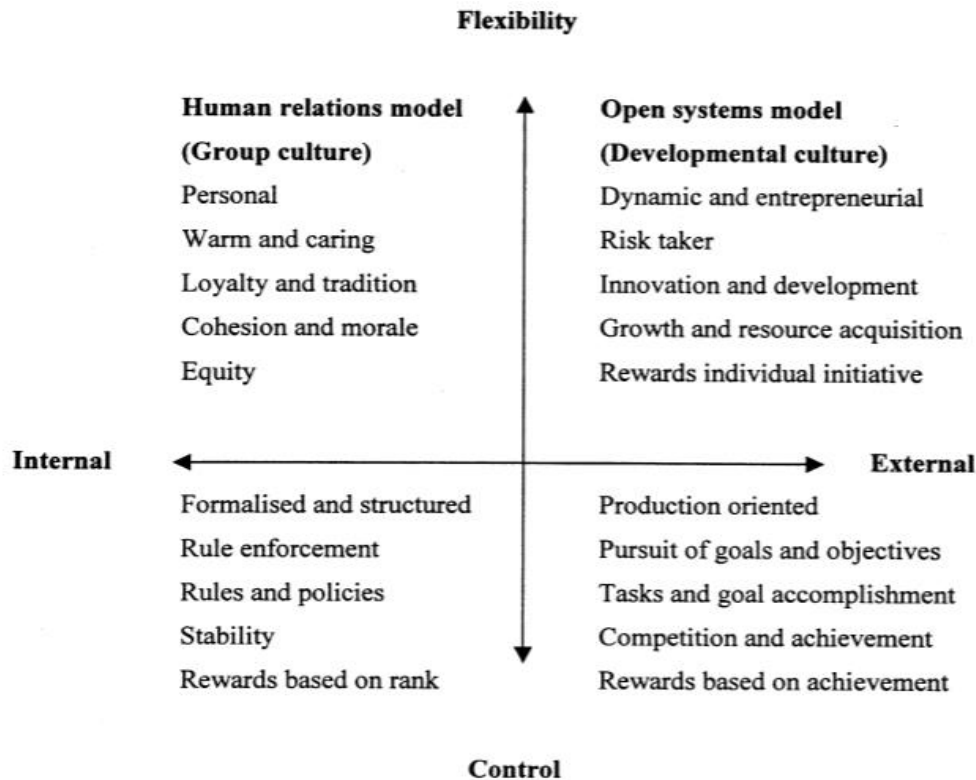


Figure 4: The Organizational Culture's Competing Values Framework

Source: Adapted from Zammuto & Krakower (1991)

By combining, these two facets of competing values prolong four kinds of organizational culture which showed in theoretical analyses of organizations (Zammuto, Gifford, & Goodman, 1999). The internal process includes an internal and control focus in which data administration and communication are utilized in arrange to realize soundness and control. This demonstrate is characterized as a various leveled structure, since it includes applying rules, requirement and specialized issues (Denison & Spreitzer, 1991). The internal process usually implies the conventional paradigm of bureaucracy and public administration, which relies as control mechanisms on formal rules and methods (Weber, 1948; Zammuto, Gifford, & Goodman, 1999).

The open systems involves flexible focus during which readiness and adaptableness are utilized so as to realize growth, resource acquisition and external support. It is stated as a developmental culture, as it is related to innovative leaders with vision who also sustain a



focus on the external environment (Denison & Spreitzer, 1991). These organizations are dynamic and entrepreneurial, their leaders are risk-takers and individual initiative is linked to organizational rewards.

The human form of communication involves flexibility and internal focus. It is therefore used for training and human resources for greater development for integration and mental health workers. This organizational culture is defined as a group culture. This is because it relates to trust and participation among partners. Managers who are in this type of organizations take to inspire and mentor employees.

The logical goal model includes a control and external orientation in which planning, and target setting are employed to achieve profitability and efficiency. This model of organizational culture is described as a rational culture due to its focus on results and objective fulfilment (Denison & Spreitzer, 1991). This sort of organizations are production oriented and managers coordinate workers to meet defined objectives and targets, and incentives are related to performance.

## **2. PERFORMANCE DRIVEN CULTURE**

According to (Marr 2009), a performance driven culture implies that individuals in an organization are persistently endeavoring to memorize and progress. At the center of execution driven culture is organizational learning and advancement. Performance driven cultures' enablers are as follows,

- individuals are collectively combined and made them feel committed to success with a common sense of community and purpose;
- clear and acknowledged responsibility inside the organization for results and execution, which offers dependably and possession,
- honesty and truth about the outcome of the success, which in effect generates an climate of believe and common regard;
- a clear definition of what a execution driven culture is, which makes an understanding and acknowledgment of a execution driven culture all through the organization (Marr 2009:212).

The key characteristics that will offer assistance to create performance driven culture are followings,

- A strong performance driven leadership all over the complete organization,

- A reward and acknowledgment framework that permits us to celebrate and recognize great performance,
- Suitable report and communicating of performance information,
- Compatible performance review which let individuals to participate in an exchange for performance lead to learning, decision making and execution improvements (Marr 2009:212 & 213).

Learning is also main focus of a performance-driven culture in the organization. (Marr 2009), he continues to introduce three levels of learning which are needed to be engaged in a performance-driven culture:

- Single-loop learning: To expand present strategic execution.
- Double-loop learning: To review and contest strategy and its assumptions.
- Triple-loop learning: To enhance the performance information which is being collected.

## **2.1 Four Enablers of Performance Driven Culture**

(Marr 2009:212 & 213) Four important enablers of performance driven culture are identified which interconnect each other. There are briefly described in the following,

- Create a sense of community and common purpose: People in present era would like to learn how to help attain a better organizational objective. Community sense gives people a sense of having a place which cultivates participation, common regard and collaboration. A society is a collective body representing both its individual members as well as the community as a whole. Common purpose is about context and an implied perception of course.
- Insist on honesty and truth: without honesty and truth and there can be no either can be confidence or performance-driven culture.
- Ensure ownership and accountability: Individuals and groups of people within organization having performance driven culture take ownership of delivering performance results and feel responsible for achieving the results.
- Clear definition of a performance-driven culture: In conclusion, it is vital for individuals to get it what a performance-driven culture is, and what it implies. This may be utilized to communicate not as it were to existing representatives but moreover

to candidates and potential future representatives. The best performance-driven culture would inspire the top-performing individuals to continue and will want to join other high-performing individuals.

(Marr 2009) describes that there is another important characteristics of performance driven culture. The four key characteristics of a performance-driven culture are all instruments that can be applied to make proper performance culture by any administration and public sector. Comparative to the four enablers, those characteristics are also mutually dependent, if they are applied together, it is sure to get the most excellent outcomes (Marr 2009 :221-228).

**A strong performance-driven leadership:** Leadership is the key role in changing performance measurement in organization. He also agrees that leadership sets the tone for everything, including performance measurement and performance management. A strong performance-driven leadership across the organization can be established by

- demonstrating visible commitment to performance management,
- defining performance management role,
- actively engaging in performance management and
- changing from auditor to supporter.

**Reward and recognize performance:** Reward and recognition is more than cash. For example; pleasure, a sense of achievement, financial or emotional rewards. A reasonable scheme reward and recognition guarantees performance would have consequences. In order to adjust the rewards and acknowledgment with performance, there is necessary to celebration for achievement (non-financial reward).

**Report and communicate performance:** Essential factors for a successful performance measurement are efficient external and internal reporting and communication. Nevertheless, the ways most organizations interact, and track results are not favorable to learning and are not helpful in building a performance-driven culture. Appropriate monitoring and contact systems ensure receipt and interpretation of output notifications. He further gave a number of suggestions to develop communicating and reporting;

- Guided with a narrative review,
- Data visualization with diagram,
- Sharing of raw data with annexes,
- Effective mix communication channels.

**Review and discuss performance interactively:** Dialog is recognized as one of critical elements of performance assessment and performance management regarding success which will arise. Dialog contributes to comprehension, perspectives and learning together. Creating interactive and constructive processes of performance review involves individuals to make a dialog regarding with performance conducting to improvements in performance, decision-making and learning. He has produced guidelines for implementation of four distinct meetings, and how to implement them. They are,

- strategy review meetings
- strategic performance progress meetings
- operational performance progress meetings
- personal performance progress meetings

Based on (Marr 2009), (Nordiawan, Prasodjo, & Hardjosoekarto 2017), they develop five key characteristics for performance-driven culture,

- Leadership that energizes performance
- Acknowledgement and appreciation of performance
- Efficient execution reporting
- Interactive execution review
- Performance map

Continuously, to reinforce performance driven culture, some schemes can be used according to theorists. (Kim 2009) mentions that firstly, government pioneers can set up an successful administration framework that employments a formal execution assessment handle to evaluate program and approach comes about and pioneers can utilize motivating force frameworks to advance and compensate worker commitment in particular. Secondly, senior manager's transformational leadership, supervisor's participatory management, and development the mood for creativity should be enhanced within a work unit. Thirdly, recognize and reward system is needed in order that creative and innovation-focused ideas are applied individually to improve local government performance and efficiency. Finally, training programs for supervisors and employees and quality career development should be provided.

There is the key for the core issues can be found in constructing a high performance culture in both private and public sector organizations. In the private sector, the culture of an

organization is the main basis of its competitive advantage and brand differentiation (Barrett 2010). In public sector, an agency's culture is the main source of cost-effectiveness and service quality (Barrett 2010). In the public sector:

- Values and behaviors drive culture
- Culture drives employee fulfilment
- Employee fulfilment drives mission assurance
- Mission assurance drives customer satisfaction (Barrett 2010)

He continues to mention that, the key to accomplishment is the values of the organization in terms of employee or customer satisfaction in both the private and public sectors. "Values" are the profoundly held principles, ideals or beliefs that people hold in decision making (Barrett 2010). Values may be positive or potentially restricting, and the positive value of "trust" is important to creating a cohesive community culture (Barrett 2010).

Another author (Risher, 2007) suggests that eight dimensions for assessing the culture. With a subset of scaled-response questions focusing on specific issues, each can be described. This approach stems from the assessments behind a recent study by the London School of Economics.

The eight dimensions are as follows:

- Leaders as champions. Leaders over the organization ought to repeatedly explain, in most cases, the reasons for applying the new practices are needed, how they will benefit the organization, and how they will affect employees, beating drums to convince people to change.
- Work link to mission. Employees deserve to know their efforts contribute to their organization's progress. They ought to grasp the mission and have a line of sight from their work performance to goal attainment. Cascading goals help strengthen that linkage.
- Performance tracking and dialogue. In a goal-based setting, the common practice is to chase performance over time, take helpful measures as appropriate and clearly communicate outcomes. Employees want to learn how their boss works, so keep them engaged in daily contact. The push for Total Quality Control motivated

companies to post performance data so that each person could retain track of how well they are doing. Practices such as the emphasis on performance.

- Cascading goals. Increasing level of an organization determines goals that are relevant to the above and the below objectives. Defining performance expectations at lower levels will be challenging, but after seeing the cascading goals, even the lowest-level employee may become more engaged.
- Investment in talent. Organizations require well-qualified individuals who want to work at high rates. They got to contribute within the improvement of person aptitudes and to guarantee the advancement of the foremost qualified individuals. Talent management organizations send out the idea that performance is crucial.
- Recognition and rewards. It is not easy to gain sufficient support for pay for performance, but each organization has a fairly long list of ways to identify and reward workers. Practices of recognition and reward should occasionally be evaluated to determine whether they serve the organization's needs. One aim is to recognize the recognition of high performance employees and their achievements.
- Manager accountability. Managers should be kept responsible for handling their individual results. It has to be a key task for frontline managers, made a theme in their training, and reinforced by linking up their fee raises (and other rewards) to how well they run this task. They need to understand the process of performance management and, more importantly, undertake a commitment to help improve their people. They need to provide advice on guidance and coaching, competencies which should be a priority.
- Employee engagement. Finally, when workers feel engaged or passionately committed to their organization's success, they perform at far higher levels. Surveying how employees feel about the organization, their jobs and their supervisors gives a picture of employee engagement.

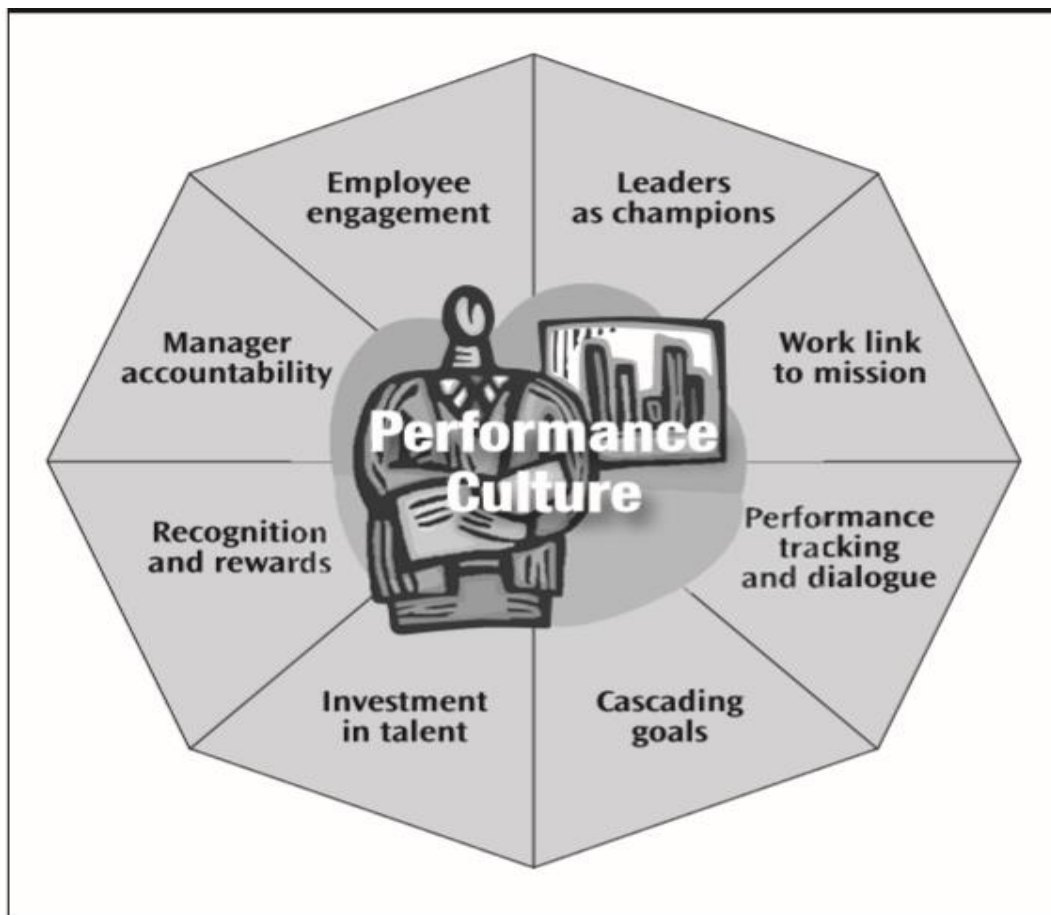


Figure 5: Eight Dimension of Performance culture model

*Source: Risher, 2007*

## 2.2 Specifics of Performance measurement and management in the public sector

Public sector organization is totally different from private sector organization. Private organization aims to get profit, whereas public sector is non - profit organization. Public sector organization targets to support the best services to all citizen and all services must be available to the citizens. Performance measurement focuses on the effectiveness and results of business management and not on the quality of goods and services but also mainly focus on the customers' satisfaction. It is a tool to enhance organizational performance, however, the success of the organization depends on its performance outcomes and its structure of organization but not on performance measurement methods. Therefore, it does not help to eliminate daily problems in organization (Balabonienė & Večerskienė, 2015).

Measuring performance is seen as an tool for enhancing public budgeting, encouraging a transparent reporting system and modernizing public management. Greiling and Halachmi (2013) indicates that learning performance is a more encouraging approach to progress than applying performance measurement and then condemning them for inadequate work. The

accountability process's learning feature is more important than providing a lot of accountability mechanisms that consistently produce the same kind of information to create responsibility that cannot be challenged. They further discuss that organizational learning is like to provide to long-term accountability, although performance measurement is to establish short term accountability.

In other words, decentralization of employees' empowerment and decision-making power centrally to managers helps them to better their organization. A number of literatures signify that decentralized decision making, employee empowerment and involved management are vital to constant performance enhancement (Lee et al., 2006; Fernandez and Moldogaziev, 2011). For instance, there is a positive connection between employee empowerment and several important work-related attitudes are created, as well as job satisfaction (Davies et al., 2006), innovativeness (Fernandez and Moldogaziev, 2013), job involvement (Coye and Belohlav, 1995) and organizational commitment (Guthrie, 2001). Employee empowerment has direct and indirect effects on performance in the public sector.

Another important factor for continuous performance improvement is the increasing demand for capacity information; Clearly, it is possible to collect data from this measurement. Reporting and implementation are the factors behind the measurement process. Nevertheless, the impact of government information and development on program decisions and decisions is behind their rates in the collection and reporting of basic plans (Ammons and Rivenbark, 2008).

There are three major challenges in the development of performance measurement indicators in government sector organizations. First, it is still debating the meaning of the concept of performance. Second, complexity is the way to achieve performance. Third, how do we assess the performance of public sector performance? (Diana, 2014). Bromberg (2009) said that the performance measurement can be used as a tool in both managerial and measuring accountability process in the public sector organizations. In addition, he reveals that performance measurement is a clear integration of political control within the executive system, and measuring specific tasks and outcomes is another method of the political bureaucracy. What stated by Chan & Gao (2009 ) is that if performance measurement is dedicated to enhance discretionary management powers, political compliance will be drastically reduced which requires performance enhancement. Related to the above, these details relate to the successful design and implementation of measurement capabilities in public sector measurement.



Ammons (2007) clarified that performance measures can be configured to have many uses but there is small number of different uses. If a system is being used strictly for accountability purposes, then that might limit a manager's ability to use the same measures to increase creativity and performance.

### **2.3 Chapter Summary**

This above chapter theorized about organizational culture, how it effects the whole organization as well as each individual in its society. By sharing their view, beliefs, opinions, how can be pursued to success of one organization. Elements of organizational culture and typologies of organizational culture which are related to this study are discussed. Moreover, the characteristic, strength and weakness of organizational culture are explained. Furthermore, in the second part, performance-driven and performance measurement and management that are associated with the studied are studied in details and therefore the initial goal of the literature review is gathered.

### **3. METHODOLOGY OF SURVEY**

The methodology implemented for the research is deliberated in this chapter. It describes the aim and objectives of the research and details how the research was conducted. A research approach and design, data collection and methodology are described below, further then deliberates case study approach and limitation of research.

#### **3.1 Aim and Objectives of the Research**

The main aim of this thesis is to define the set of key characteristics of organizational culture that contribute to higher performance of public sector organizations.

This work aims that performance driven key characteristics based on the theoretical review are evaluated in the following;

1. analyze strong performance driven leadership is implemented in chosen local governments.
2. examine reward and recognize performance mechanism is being used in selected organizations.
3. observe report and communicate performance tool is applied in researched public sector organizations.
4. investigate review and discuss performance practice is employed in preferred municipalities.

#### **3.2 Research Approach and Design**

To fulfil the aims and objectives of the research and to achieve the goals of the research qualitative method approach will be adopted at all levels of the study.

Qualitative method is concerned with understanding the human activities from the viewpoint of the source. Qualitative study approach is considered appropriate when either the researcher or investigator explores new areas of study, or to identify known issues. There are many qualitative ways for comprehensive understanding of issues through textual interpretation (Jamshed 2014).

It is essential to make a note here that robust data collection techniques and research procedure documentation are required in qualitative research. Detailed information on how the study was conceived and carried out should be included in the research report (Bowen 2009).

Qualitative research is a holistic approach with exploration. Qualitative research is also characterized as an unfolding model that occurs in a natural environment, enabling the researcher to evaluate a level of detail from a high level of involvement in actual experiences (Creswell 1994). The social trend being studied from the perspective of the researcher is one characteristic of a qualitative study. There are various types of research designs that use the methods of qualitative analysis to frame the method. Consequently, the different approaches have a profound impact on the research methods being discussed.

Qualitative research comprises a purposeful use of the data collected to identify, explain and interpret. Leedy and Ormrod (2001 ) classified that the qualitative research like less organized formula as new theories are being constantly developed whereas (Creswell 2003) stated that qualitative research can be a successful design because it takes place in a natural way letting researchers to establish a degree in details which was already involved in actual experiences. In a post-structuralist model qualitative work is conducted. According to (Elkatawneh, 2019), five qualitative research areas are there: case study, study of ethnography, study of phenomenology, study of grounded theory and analysis of content. These areas reflect work that builds on inductive reasoning and related methodologies.

### **3.3 Data Collection and Method**

Data collection is the center of any research design, regardless of study area. Data Collection is the process of carefully collecting at least possible distortions and appropriate details to provide accurate and logical solutions. (Sapsford &Jupp, 2006).

Data collection is the process of collecting and evaluating information about interesting variables, and it can answer specific research questions (SMS Kabir 2016). For research purpose of data collection is popular in all fields of study even in physical and social sciences, business, humanities, etc. The goal for all data collection is to capture quality evidence. It then turns into a rich data analysis and gives an accurate and productive response to questions. Data collection is one of the most important aspects of research. For this research, the data is collected mainly from one resource which means secondary data sources for qualitative research.

### **3.4 Changing Research Strategy**

Primary data sources: Primary data sources are limited and it is difficult to collect data from primary source due to one of the reasons of population shortage and lack of cooperation (SMS Kabir 2016). Primary data can be collected using a variety of methods such as surveys,

experience, questionnaire, interviews, observation, and focus groups, etc. Such data is regarded as to be highly accurate.

At first, the author employed method of primary data collection in order to fill the aim and objectives of the research. Therefore, survey questionnaires were created in both opened and closed ended questions and were sent to the twenty local governments of each country by using electronic mail. It was started third week of March and the author waited for three weeks. Looking out the reply from all the respondents, the author sent reminder to the respondents for eight times during April. Unfortunately, most respondents did not reply, but some gave answers that they couldn't support any answer of my survey questionnaires due the pandemic of virus outbreak and this was very busy time for them. On the other side, the author got two respond form two organizations in Sweden, the department probably could answer the survey questionnaires. Therefore, the author waited for these responds, but indeed they did not provide any answer absolutely.

Finally, a decision was made to try in another way for the research. My respectful supervisor advised me to change the strategy of the research in third week of April 2020. We will further go possible case study approach and content analysis in order to fulfill the aim and objective of the research. According to my respectful supervisor's instruction, the author changed the strategy and developed case study approach along with content analysis. At the same time, as well as data collection method is changed to secondary data collection method.

### **3.5 Case study Research Approach**

A case study approach will be implemented in order to meet the research objectives. A case study is distinctive within social sciences for its research emphasis on each individual, which can be a person, group or organization, occurrence, behavior, or circumstance. This is also unique in that a case is selected as a research subject, rather than randomly, for particular purposes, as it is normally done when conducting realistic research. When researchers sometimes use the case study approach, they concentrate on a case that is unique in some way, because it is possible to learn a lot about social relationships and social services while researching certain issues that diverge from standards. A researcher is also able to examine the rationality of social theory through their analysis in this way, in other way researcher is able to develop new hypotheses using the grounded method of theory (Ashley Crossman, 2019).

(Yin 2014) further describes that case study is an analysis which examines contemporary event in details and its actual context, particularly if there is no boundary

between event and context. In other words, researchers would like to do case study work as they want to understand a case in the real world and believe that such an understanding would possibly entail essential contextual conditions specific to their case.

Furthermore, case study analysis has created a reputation as an crucial technique for researching and understanding complex issues in actual-world environments. The case study format covers a wide range of questions especially social sciences, education, industry, law and health. Consequently, case study research has experienced significant growth over the last 40 years, through implementation of a number of methodological approaches. Modification and development resulted from opposing effects of historical approaches to research and individual researcher's preferences, perceptions and interpretations of case study research (Baxter and Jack, 2008).

Most feature the backgrounds of event study research to studies carried out in the early twentieth century in social sciences and anthropology when extensive, comprehensive multicultural cultures were steered by means of this design (Johansson, 2003, Merriam, 2009; Simons, 2009; Stewart, 2014).

Moreover, in this research a various-case study will be exploited in order to discover the differences in those chosen cases. Comparisons will be developed, and the aim will be to replicate results diagonally cases. A multiple or collaborative case study will consent the researcher to examine through settings and within each environment. A multiple case study helps the researcher to explore within variations and within cases. The goal is to reproduce results across the various cases. It is important that cases are chosen carefully when comparisons are made that the similar results across cases can be predicted by the researcher or predict conflicting results on the basis of a hypothesis (Yin, 2003).

### **3.6 Purpose of Choosing Samples and Case Binding**

Organizational culture is displays of shared beliefs, norms and values that are developed over time which result to behavioral norms that are adopted in solving organizational problems (Schein, 1990). Organizations are shaped by their internal environment. It represents a culture that is inspired by top management and employees' beliefs. Organizational culture is of value to every organization and is a source of organizational competitive advantage. (Hall, 1993; Aycan et al., 1999). Organizational culture defines and shapes public sector organizational procedures, serves as activity guide that unifies and energizes institutions' capabilities to over organizational challenges. Strong institutional culture contributes to good performance, thus facilitating achievement of objectives and goals

(Yilmaz, 2008; Armstrong & Baron, 1998). Performance management and measurement become counterproductive without organizational culture because the two are complementary, ignoring one will definitely affect the other (Magee, 2002). Therefore, organizational culture plays a major part in performance management and measurement in the public sector.

Governments allocate larger percentage of the national budget for public sector management. Public sector organizations use performance management and measurement system to improve efficiency and effectiveness in service delivery. Within the public sector, although organizations such as health and education sectors use performance measurement systems, however, currently the Local government organizations (LGOs) are notably known with use of performance measurement systems in order to improve efficiency, effectiveness and outcome (Holzer et al., 2009).

The local government organizations (LGOs) which provide essential services to the citizens must live up to expectation by providing quality and efficient services to its users (Buccus et al., 2007). Stakeholders, civil society organizations and citizens need transparency and liability from the local government organizations which are recipient of the taxpayers' money with more emphasis on efficiency (Brusca & Montesinos, 2016). "Value for money" in local government organizations has necessitated the adoption and implementation of performance measurement systems (PMS). Well-developed performance measurement systems are sets of performance indicators that provide feedback on the various components of performance in organization (Palmer, 1993). Practice of performance measurement in the local government has three main objectives. First, to improve performance of municipal programmes and services. Second, to help determine and account for municipal expenses. Third, to provide transparency and accountability to the citizenry (Bracegirdle, 2003).

A study by Hatry, et al., (1977) contends that the local government organizations are the first to adopt and implement performance measurement system. Local governments (municipalities) in United States in 1970s adopted performance measurement system and these institutions are still obligated in the use of PMS (Hatry, 2014; Poister & Streib, 1999). Related to the above, clearly the local government within the public sector is pioneer and worldly known for its frequency with the use of performance measurement system. Therefore, this research study seeks to define a set of key characteristics of organizational culture that contributes to higher performance in the local government organizations.

Sweden, Norway, Finland and Denmark (the Nordic countries collectively) have a combination of high living standards and low-income inequality that has caught the

imagination of the world. At a time when the increasing difference between rich and poor in developed nations has become a hot political button, several scholars have cited the area known as Scandinavia as a role model for economic opportunity and prosperity. One report described that the Nordic countries have adapted to their public services. It is an advanced country for growth and expansion.

Binding the case will ensure a fair scope for the research. One of the most common drawbacks associated with case study is that researchers appear to try to address a question that is too large or a topic that has too many objectives for one study. That setting confines on a case could avoid the explosion from occurring in order to avoid this issue indicated by Yin (2003) and Stake (1995). Recommendations of case binding consist of time and place (Creswell, 2003), time and operation (Stake), and meaning and context (Miles & Huberman, 1994).

### **3.7 Content Analysis**

Content analysis will be utilized through investigating all the publications (journals, books, newspapers, government websites, their annual reports etc.) which are appropriate for this research. Content analysis is a research method used to analyze the collection of internal texts or certain words or concepts. Researchers use content analysis to determine the existence of such words and concepts. Analyzes and definitions are calculated and correlated. Then authors, we make assertions about the message of the audience and their parts and messages in culture and time. Texts may be described as books, chapters of books, essays, interviews, debates, headlines and articles of newspapers, historical records, speeches, meetings, advertisements, theatre, informal conversation, or basically any event of communication language (Ward 2019).

Content analysis contains systematic review of text, including images and visual contents (Krippendorff, 2004; Weber, 1990). The approach can be used with a multiplicity of research objectives and questions in qualitative, quantitative, or mixed-methods studies. It is the study of recorded human interactions (Babbie, 2001) with a “systematic, objective, quantitative analysis of message characteristics” (Neuendorf, 2002). The adaptability and aims of this method make it especially suitable for research in information science, since the field is the "study of collecting, organizing, processing, retrieving and disseminating information" (Bates, 1999).

### **3.8 Secondary Data Collection**

The data accumulated and processed by somebody is considered as secondary information and is accessible to the public. It is the data from previous studies and other sources used by the investigator. The primary data collected for one research study, when used for another analysis, becomes secondary data. This mostly includes government statements, survey records, some records from department, etc. Compared with primary data, using such data is less costly and faster.

The secondary data for this research work will be collected from related articles from government website, annual reports, journals, textbook, policy documents and other relevant and unverified research and planning strategies from organization..

### **3.9 Limitation of the Research**

Qualitative method is generally regarded with suspicion and considered lightweight because it includes small samples that may not be representative of the bigger population, is perceived as not objective, and the findings are judged as biased by the perspectives or views of the researchers themselves (Kirkmande Lacey & Hammarberg, 2016). While the terms 'reliability' and 'validity' are controversial amongst qualitative scholars (Lincoln and Guba, 1985) with some preference for 'verification,' in qualitative studies study credibility and robustness are as critical as in other types of science. Qualitative research is generally accepted as being ethical, relevant, intelligibly defined, and using acceptable and rigorous methods (Crabtree & Cohen, 2008).

The author deployed qualitative research method together with case study approach in order to complete aim and objectives of the research. In addition, the other limitation is content analysis which is being used in the research as a secondary data collection.

Although the case study approach for this research has been chosen, it is important to know the limitations of using this approach method as well. First of all, so many data are available for easy study, which could be difficult to portray in a simple way. Case studies are a very time consuming. The method of gathering data can be very complex and extended, and This is something that is unfamiliar to new researchers. To do a detailed analysis, it takes time to do a study (Hodkinson & Hodkinson, 2001).

For researchers, cross-checking details is difficult when using a case study. The reason for this is that case study is usually based on using particular or some cases, rather than a huge sample group. This will lead to unreliable result (Bell, 2005). The result of a case study is



better when the experience and intuition of researchers is maximized but uncertainties their objectivity. It is therefore critical that particular efforts are made during this research in order to preserve an impartial view of the results attained.

## **4. Performance-Driven Culture Characteristics – Case Study Analysis**

In this chapter, case study analysis of chosen municipality from three different countries (Finland, Sweden and Norway) are elaborated. The organizational structure and key characteristics and their measurement system are described in the following.

### **4.1.Orebro Municipality (Sweden)**

In Sweden, the local governments are responsible for a significant proportion of the public service program. There are the county councils which is responsible for the health care, and the municipalities which is responsible for other services such as childcare, primary and secondary education, and social services (SKL 2013). There are 290 municipalities in Sweden, all of which are self governed by elected official directly, counting to 46000 political tasks and in addition 760000 people are working by Swedish municipalities doing the daily job. Swedish municipalities differ in size, population and characteristics and SKL (2013) has divided the 290 municipalities into ten homogeneous classes to make comparisons easier. They also release reports on issues like the costs of different municipal operations, and they provide a clear framework for research and comparison with similar organizations. Looking at the municipal economy, the Swedish legislation makes it clear that income and expenditure must be balanced and a balanced budget must be created. The Swedish municipalities' primary revenues come from taxes, which they are entitled to levy. Subsequently, such revenues are spent on a lot of different programs, in organizations that are often broad and complex.

The municipalities play a major part in the Swedish public sector, being responsible for much of the public service programs. They are offering similar services in this way, although their organizational structure and operational activities may vary considerably. Regardless of their simplicity, their organizational complexity makes it a critical problem to address.

Orebro municipality is seventh largest and located 200 km west from Stockholm. The 150,000 inhabitants make this the sixth largest city in the world. The Swedish Social Democratic Party, the Centre Party and the Christian Democrats control the municipality politically.

#### 4.1.1 Structure of Organization

The Municipal Council governs the municipality. The highest decision-making authority is the City Council Assembly in Orebro municipality. It is directly elected in general elections that are held every fourth year, at the same time as the National Parliament and the County Council election. It has 65 representatives and 34 deputies. All seats are allocated proportionately according to the number of votes. The current seat distribution 2015–2018 is Social Democratic Party 24, Moderate Party (the Conservatives) 13, Sweden democrats 6, Green Party 6, Christian Democratic Party 4, Liberal party 4, Left Party 4, Centre Party 4.

#### 4.1.2 Characteristics and Measurement in Organization

The Municipal Council Conference finalizes the goals and guidelines for municipal council activities and sets regional rates. The key is to make sure that the stronger and more engaged people are in decision-making. They usually meet once a month and the meetings are publicly available. Lars O Molin is the chairman of the council .

The key performance management tool is a paper with the overall strategies and the budget. There are a number of performance management tools, however their usage is common. These include various resource allocation models, personalized concepts such as allocating wage-pots, indexing and rental models where the system to which they will adapt is the most governing method. Many of these resources are used in the financial department where the goal is to keep the finances in check and balance, but it is still necessary to use the organizational activities to achieve productive public activities in different forums.

The ultimate goal is to become the most desirable medium-sized municipality in Scandinavia, a dream broken down at different strategic levels. There are four strategic areas: economic development, the influence of the people themselves, healthy health, and the needs of children and young people. The vision and goals are conveyed to the 400 managers because it is necessary to know what the vision and goals are, but the desire is not to hear it from all the employees. The key factors for the organization are to achieve its vision and objectives. The managers believe they have tremendous potential to function in their usual roles, and then they do have the time, resources and motivation to build the culture that is shared by the organizations in charge.

Their key performance measures are mainly the 99 indicators however every organization uses them in their performance management and evaluation. The municipal assembly set all the measurements and transmitted downwards by the managers in the organization. These are applied by the executive with the department managers.

There are specific targets in the organization for the future. Some of the indicators are located at branch organizations like SKI, where information can be collected and used for research. Further, success is measured through the indicators in the annual reports and ongoing reports. It is performed at departmental and committee level, and outcomes are then aggregated upwards to assess the organization as a whole. There are individual appraisals, but these are not results-focused. They provide a subjective performance evaluation because the views of individuals are included in the process, and this is empirical in the sense that it is based on indicators.

There are no financial incentives to meet the targets, except from the individual wage allowance, and it depends on the individual manager whether he or she want to reward employees with a staff party. Additionally, there is no need to attach financial benefits to their wages, but non-financial rewards such as praising colleagues and employees are done. If employees do not meet their goals, there is an increase in salaries, but there is no real impact on the performance level which means that the employee has not yet managed his or her job. In addition, it is more clearly seen in the management level, financial difficulties may be acceptable in the short term, but if employee can't manage it within a year, may be fired.

The organization repeats follow up three times a year and save time due to IT infrastructure. Information flows between the councils through reports, and much information are accessible on the web page. The information can be achieved to all managers and employees by this way. However, managers are adequate to report to their employees. The information is used for successive purposes at various stages in the organization. Depending on the individuals involved and the type of operations, whether the councils want to use the information for control will vary considerably.

The PMS system is very new and several improvements have been made in recent year, called as proactive changes due to the lack of definition of how the municipality was governed. The role of the political majority is to fill the system with material, and elections can be a source of change in this way. The system is said to be well integrated and there are no apparent contradictions, but some sections need to be formed and some measures are said to be unclear. Finally, the main advantages are that it is well integrated, as well as direct, fast and easy to communicate. The key drawbacks are the fact that along with the short-termism it has not yet achieved full impact, restricting management flexibility by providing only annual budgets at departmental level.

Table:1 Performance measurement and key characteristics of Orebro municipality

| No. | Performance Tool and Key Characteristics     | Orebro municipality                                |
|-----|--|--|
| 1.  | Performance Management and measurement tool  | Budgeting tool, Key Performance Indicators (KPIs)  |
| 2.  | Strong Performance Driven Leadership         | Visions and goals formulated by municipal assembly |
| 3.  | Reward and Recognize Performance             | Depending on managers                              |
| 4.  | Report and Communicate Performance           | Annual reporting                                   |
| 5.  | Review and Discuss Performance Interactively | Monthly meeting                                    |

*Source: Own source*

## 4.2 Karlstad Municipality (Sweden)

Karlstad municipality is situated 300 km west from Stockholm and is categorized in the bigger cities group. It has 87 000 inhabitants, placing Karlstad as the 21st largest municipality in Sweden. Karlstad Municipality consists of the City Council, the Municipal Board, committees, administrations and companies. The municipality employs about 7,500 employees.

### 4.2.1 Structure of Organization

Karlstad Municipality is a politically controlled organization with the City Council is the highest decision making group. It is the Karlstad residents who every four years elect members and substitutes to the municipal council. The municipal council also consists of politicians appointed by the municipal council. Karlstad Municipality has 13 political committees besides the municipal council. Each board has its area of responsibility.

The responsibility of municipal chief executive of the municipality is to coordinate questions for the municipal council and the municipal executive committee and the leadership of people at the municipal office. The municipal council defines the objectives however some objectives are determined by the highest management, by government. Government setting

objectives are encompassed in this set of objectives in the organization. Most of the work is done by the operations and their councils.

#### 4.2.2 Characteristics and Measurement in Organization

Karlstad municipality have simplified a common value base that *we are provided for the Karlstad residents*. The main performance management tool is strategic plan, which is accompanied by a three-year rolling budget. There are two prominent components in the PMS which are comprising of economic and operations parts that are developed together in the system. At the departmental level operational plans and budgets are done and additional some work plans are completed at the local level.

The vision is *Quality of life Karlstad 100000* which is illustrating the common aspiration and driving force of the municipality in the future. There are nine different objective areas of the organization, set by the municipal council. These consist of five external and four internal areas, described in the strategic plan, which are further decomposed into primary objectives.

The organization is designed as a traditional municipality and it is structured as hierarchical and decentralized, along with lower level managers, they have more responsibility for economy and operations. Nevertheless, the organizational structure is not very important in that municipality, culture, value base and openness are more important factors for success in the organization. In reality, the participation and commitment of managers and employees is one of the important success reasons in achieving the organization's vision and goals.

The municipality has the annual reporting how the goals and objectives have been done by all employees. It is also showing performance how well employees are achieving the goals in the municipality's strategic plan. A performance assessment is made at the end of the year. When evaluating, it focuses on the various committees that evaluate departments based on the success of the operations. In addition, the municipal office looks at the organization as a whole. There is no formal basis for assessing each employee.

However, there are no performance-based rewards systems, and there is no connection between the goals and consequences for employees. Rewards systems may be considered inappropriate in this type of organization because reward systems are partly due to criticism from the media and other stakeholders. As an alternative, it is said to be a rewarding performance for salary increase and promotion.

Top management and each employee report the progress. They communicate with relevant staff and share information transparently through the webpage. Meeting is held in every month. Each employee receives a performance review and the team can meet and give feedback.

Table:2 Performance measurement and key characteristics of Karlstad municipality

| No. | Performance Tool and Key Characteristics     | Karlstad Municipality   |
|-----|--|---|
| 1.  | Performance Management and measurement tool  | Key Performance Indicators (KPIs)   |
| 2.  | Strong Performance Driven Leadership         | Formulation of goals and objectives set by municipal council and government |
| 3.  | Reward and Recognize Performance             | No reward system  |
| 4.  | Report and Communicate Performance           | Annual reporting  |
| 5.  | Review and Discuss Performance Interactively | Monthly meeting   |

*Source: Own source*

### 4.3 Kristinehamn Municipality (Sweden)

The municipality of Kristinehamn sits 270 km west of Stockholm and is listed as a community of municipalities in heavily populated regions. It has roughly 24,000 inhabitants, making them Sweden's 104th largest municipality.

#### 4.3.1 Structure of Organization

The politicians in the municipal council represent the people in the municipality and make decisions on the most important issues in the municipality. The objectives are determined by the municipal assembly, together with some governmentally set objectives.

The City Council is the highest decision-making body at the municipal level. It is the council that elects members of the municipal council and the various committees of the municipality. The municipal council prepares the matters to be decided by the municipal council. The Municipal Board has a special responsibility for the municipality's development

and finances, and oversees the activities of other committees, municipal companies and municipal associations.

#### 4.3.2 Characteristics and Measurement in Organization

The municipality decided on a form of governance that consisted of three objectives and an overall purpose. The form of administration provides how the municipality works with finances, budget and operations. It acts as a support for strategic decisions.

Their vision is to become *Kristinehamn 2030 - the friendly and innovative archipelago municipality*. The overall goals of that municipality are an attractive municipality to live in, to support good welfare for residents and to be a creative and innovative municipality with sustainable growth.

The budget is divided into two parts: operation and investment budget. The various budgets regulate how much money the municipality has for the operation of ordinary operations, and how much the municipality can spend on growing and making long-term investments.

The annual report is account to the municipal council and describes the municipality's financial situation and operations at the end of the year. It shows the outcome of the business, how it has been financed and the financial result. City Council usually meets once a month, and then their meetings are sent through website.

There are limited financial and non-financial incentives and potential rewards for achieving the targets where there are significant potential financial rewards in the individual wage discussions written in the municipal policies. Other incentives for achieving goals are praise, recognition and in some cases promotion with no clear penalties if the goals are not totally achieved unless employee clearly mismanages his or her work.

Evaluating performance has done on departmental level and for the entire organization. They also have some kind of individual evaluation, but these are not directly linked to the results or the objectives. The municipality also hold a similar view that the performance assessment is primarily subjective.

The information flows related to performance management are different at different parts and levels of the organizations but only reported every three or six months. Performance management differs to a significant level between hierarchical levels, and the PMS is constructed in such a way that the financial performance is superior to the objectives.



The performance-related information is mainly used at a general level and is organized down to its employees via the managers in the different departments. They are also important tools for evaluating the different departments, and subsequently the use of performance-related information on a higher hierarchical level becomes more intense.

The most important aspect is not to carry out the assessments, but the key organizational processes in which performance management will improve productivity and quality. They lack a through ongoing assessment during the year and feel that the effectiveness of introducing a new program needs to be tested before it is implemented, as it is necessary to keep it easy and get it out of the organization.

Table:3 Performance measurement and key characteristics of Kristinehamn municipality

| No. | Performance Tool and Key Characteristics     | Kristinehamn municipality                                    |
|-----|--|--|
| 1.  | Performance Management and measurement tool  | Key Performance Indicators (KPI)                             |
| 2.  | Strong Performance Driven Leadership         | Formulation of goals and objectives set by municipal council |
| 3.  | Reward and Recognize Performance             | Yes  |
| 4.  | Report and Communicate Performance           | Annual report and three or six month reports                 |
| 5.  | Review and Discuss Performance Interactively | Monthly meeting  |

*Source: Own source*

#### **4.4 Larvik Municipality (Norway)**

Governance of Norway is also structured at three tiered stages and the government is also divided into three levels: provincial (counties), municipalities and central administration. Constitutional power of local authority can be divided into four classifications: access to the official rights of residents to facilities, administrative and organizational constraints,

minimum requirements, and budget and loan approval. Local government in Norway is more coercive and centrally dominated than other Scandinavian countries (Baldersheim & Stahlberg, 1994).

The Norwegian local government is comprised of 431 municipalities and 11 regional municipalities (counties). Adding to this, the Norwegian government has more municipalities than districts. Municipalities are the local government's atomic unit in Norway and are accountable to primary education (up to tenth grade), ambulatory health care, senior citizens' services, welfare and other social services, economic development, and municipal roads and zoning .

Larvik is a town and one of the municipalities in Norway. The executive center of the municipality is the city of Larvik. There are about 46,364 inhabitants in the municipality of Larvik. The municipality has a 110 km coastline. Larvik was founded as a municipality on 1<sup>st</sup> January 1838.

#### 4.4.1 Structure of Organization

The highest authority in Larvik is the municipal council and comprises of 41 elected politicians. All matters that are going to the municipal council are first and foremost dealt with first in one of the committees and / or the chairmanship. The municipal council has delegated authority to committees, chairmanships and councilors through consideration of the municipality's delegation regulations.

The newly elected center-conservative political alliance and the new Chief Executive Officer decided in early 1996 to start introducing a management control structure in the municipality of Larvik in part as a response to demands for greater economic proficiency.

#### 4.4.2 Characteristics and Measurement in Organization

Firstly, there have been some very dramatic systemic changes. The minority of functional sectors are broken down into sixty nine result units or divisions and delegated powers are given to the respective department managers which give them much independence from hierarchical intervention. By mid-2001, a series of administrative reforms have fundamentally altered the organizational structures of the municipality and its guidelines and procedures for budget preparation, financial control, audit, and evaluation. Step by step, a strong performance management program has been developed for the municipality.

In the municipality, Balanced scorecard performance measurement tool is implemented. Formulation of goals and objectives are very important for leadership. All these set by CEO cooperating with manager in the organization.

The annual budget is required for managers of each municipal agency to specify certain financial PIs and other non-financial PIs for the operation of the coming year. Department managers are required to ensure creative plans of all staffs in annual department in internal processes.

As a change of 2000 plan, the CEO is expected to write performance reports monthly and tertiary to all department managers. Quantified details on the economic PIs and the three-municipal work environment PIs have to be provided in the monthly reports. The tertiary reports shall also provide in the department plans information on other non-financial results relevant to PIs. The tertiary report will also act as the annual departmental yearly performance survey. The monthly as well as tertiary reports must be based on standard formats. Managers of departments have full control over their respective budgets, salaries, personnel concerns and delivering service.

Moreover, there are outcome support groups to test the accuracy of each other's draft department proposals for a program of tertiary performance reporting on financial and non-financial PIs. Such groups involve one CEO unit process, and six to eight department managers from different functional sectors. The intention is to meet and to discuss how the departments worked every other month. They have to explain through each department's monthly performance reports in the meeting. Managers who have been in PI for some time need to explain what he or she did to get her back on the right path. Then the manager will seek assistance and guidance from both the CEO unit's advisor and the group's other department managers. Quality assessment and reporting are taken into account as a requirement for a proper functioning of the organizational system.

In addition, peer group review system is established. All managers have two meeting with executives each year. This meeting is one to one review meeting: one to discuss overall performance of the department between manager and CEO and one between a representative of CEO and manager to review customers and staff surveys result.

Finally, there is nothing reward or punish mechanism in the departments if some problems happen due to circumstances that are not managed. However, there is a little discussion about this issue in the municipality.

Table:4 Performance measurement and key characteristics of Larvik municipality

| No. | Performance Tool and Key Characteristics     | Larvik municipality   |
|-----|--|---|
| 1.  | Performance Management and measurement tool  | Balanced Scorecard (BSCs)                                   |
| 2.  | Strong Performance Driven Leadership         | Formulation of goals and objectives set by CEO and managers |
| 3.  | Reward and Recognize Performance             | There is no reward system.                                  |
| 4.  | Report and Communicate Performance           | Monthly or tertiary performance reporting                   |
| 5.  | Review and Discuss Performance Interactively | Two peer review meeting in a year                           |

*Source: Own source*

#### 4.5 Helsinki Municipality (Finland)

Helsinki is the capital and most populated city of Finland. It is located on Gulf of Finland shore. There has 1268296 population, which make most populous urban area in Finland as well as the most important center for education, finance, culture, politics and research.

##### 4.5.1 Structure of Organization

The city council is the highest decision making body of Helsinki, chosen by popular vote. The city council shall elect the Mayor and Deputy Mayors from among the councilors and their alternates for the time of the Council term. The new term of the city council began on June 1st, 2017.

Helsinki City Executive Office is the city council and city board planning , training, and administrative body. This is in charge of the overall growth of the City and the Central Administration. The office shall be subordinate to the City Council.

##### 4.5.2 Characteristics and Measurement in Organization

The goal is to provide more and more efficient services for residents. The implementation is "Most Functional City in The World" plan for Helsinki City was initiated after the plan was

approved in the summer of 2017. In March, the City Council approved tools to assess the strategy's implementation in the city, and the implementation was tracked and reported in various reports.

The city of Helsinki has a long past history in performance measurement. The first initiatives of productivity measure were made in the late 1980s. Measurement actions were more like non-recurring reports at that time. Measurement was centrally driven; departments play a minimal role in creating processes because there was central driven measurement. The introduction of interpretation of performance concept was created in 1987 and it was one of the biggest improvements. Performance could be recognized as the combined form of productivity and effectiveness.

At the beginning of 90s, productivity measurement was developed and was obligatory. It was applied broadly in monitoring productivity trends, budgeting and resources allocation. The use of productivity measurement diminished, and it was hard to reach a full pledge from the area later in 1990s. In addition, assessment of certain performance factors (e.g. effectiveness) was applied to individual agencies that performed assessments differently and to varying degrees. Later, BSCs is launched along with payment by results. Around half of the whole city organization apply BSCs.

A renew of productivity measurement systems is introduced by the central administration to overcome the previous obstacles in measurement. A main difference to the previous approach was the context-specific approach to measurement. This measurement focuses on at the operative level in service sections of individual. Although context-specific approach to measurement also enhance the measurement of service outputs and quality, such measurement design complex the use of operative measurement results in top management. As a result, an appropriate principle of reporting the operative results is created in order to combine measurement results at the upper organizational levels.

There is annual reporting what have done throughout a year. City manager makes decision on it. Top level management which means city council, city board and its sub committees meets two times in a month, are generally held in a public and make decisions. Their meeting is broadcast to the city web channel. All meeting and decisions are announced on the city website. Information flows through by this way to the lower level.

Table:5 Performance measurement and key characteristics of Helsinki municipality

| No. | Performance Tool and Building Blocks         | Helsinki Municipality                        |
|-----|--|--|
| 1.  | Performance Management and measurement tool  | Balanced Scorecard (BSCs)                    |
| 2.  | Strong Performance Driven Leadership         | Goal is set by city manager and city council |
| 3.  | Reward and Recognize Performance             | No reward system                             |
| 4.  | Report and Communicate Performance           | Annually report                              |
| 5.  | Review and Discuss Performance Interactively | Two times in a month                         |

*Source: Own source*

#### **4.6 Tampere Municipality (Finland)**

Tampere is the third largest city in southern Finland and main inland center in the Nordic countries. There are 235239 residents at present in Tampere city (year in 2018) and there are approximately half a million inhabitants in Tampere Region which compose of Tampere and its surrounding municipalities. Tampere’s population density is 448 per square kilometer and is one of the three fastest-developing regions in Finland. It is an epicenter of advanced technology, research, education, culture, sports and enterprises.

##### **4.6.1 Structure of Organization**

In the Tampere municipality, The ultimate decision-making body is the City Council with its 67 members. Council members and their deputies are chosen in a four-year municipal election. The municipality is governed by the City Board and handles its finances. The City Board also reviews and executes the decisions made by the City Council and ensures that they are in accordance with current legislation. In each year, the City Council updates its annual report at the end of June.

Central Administration has the responsibility for the general administration of the municipality, serving as the staff of the Mayor responsible for the planning of tasks at community level. When necessary, Central Administration is responsible for planning,

organizing and executing research and other administrative activities for the City Council, City Board and other local bodies.

#### 4.6.2 Characteristics and Measurement in Organization

In the early 1990s, City of Tampere launched measurement by objectives. Together with, new profit centers allowed for more thorough collection of information. Most of the steps also apply to cost of the economy and unit costs. The central administration issued guidelines for calculating certain aspects. Several attempts have been made to enhance evaluation in more qualitative ways ( e.g. health outcomes) but these attempts have not been universal, and individual departments have guided them. Many efforts to improve measurements faded in the late 90s. Measuring performance persisted as a reporting tool instead of a management service. BSCs were used as part of the strategic process at the top organization-level in early 2001. However, the implementation of BSCs on the organizational level was not systematic. In fact, scorecards consisted of goals and action plans, rather than specific actions.

In 2007, administrative is rendered by developing a new model of leadership in the municipality of Tampere. This also brought the municipal-provider model into effect in all local operations. The municipal has systematically advanced and assessed measurement and management practices together with the administrative. A productivity system, the implementation of performance assessment methods and a strong emphasis on knowledge-based management have been developed to improve managers' understanding and ability to make insightful decisions. The emphasis on progress has moved from presenting information to making use of performance knowledge learning.

The Tampere reorganized its knowledge management in 2016. The main results of the early learning forums are confined by the new structure and operation model. The aim is to improve dialogue on performance and to enhance the usage of performance information. Rather than considering knowledge management as an independent support function, the goal is to utilize advanced analytics by promoting a new knowledge-based management culture and to promote organizational learning through ongoing dialog on performance. This requires new organizational skills and a new perspectives towards performance information about success as the basis for learning not just for managing it. The skills vary from individual competencies to models, tools and strategies to enhance the organization's analytics efficiency and readiness to assimilate modern business-oriented thinking.

One of the key concept of the modern paradigm of knowledge management is to create a system which incorporates performance dialog into everyday routines. In this way, the

performance dialog is a regular occurrence that does not need to plan and schedule independent learning forums explicitly. Performance information serves as a guide to learning by giving the participants the chances for practicing and experimentation with decisions as indicated by (Moynihan 2005). The new process is at the board level but in the future the aim is to work at various decision-making levels. An important feature of the dialog is also to encourage managers to make questions, to try a reason and to realize better relationship between the decisions.

Table: 6 Performance measurement and key characteristics of Tampere municipality

| No. | Performance Tool and Key Characteristics     | Tampere Municipality                 |
|-----|--|--------------------------------------|
| 1.  | Performance Management and measurement tool  | Knowledge Based Management           |
| 2.  | Strong Performance Driven Leadership         | There are goals in the organization. |
| 3.  | Reward and Recognize Performance             | No reward system                     |
| 4.  | Report and Communicate Performance           | Annually report                      |
| 5.  | Review and Discuss Performance Interactively | Daily review meeting                 |

*Source: Own source*



## **5. Discussion of Case Study Analysis and Formulation of Recommendation**

In this chapter, analysis of case study will be reviewed by connecting to the theoretical framework. The aim and objectives are deliberated step by step for all local governments.

From above discovery, all analyzed local governments are successfully implemented performance measurement and management system. Half of the local government is using Key Performance Indicators (KPIs), one is using Knowledge Based Management and the rest are deploying Balanced Scorecard (BSC). Three municipalities, Helsinki, Tampere and Larvik adopted Management by Objective (MBO) in the early 1990. The findings confirms that BSC is very well known and has been recognized as well as a perfectly acceptable performance measurement and management system (Atkinson et al, 2012) and it has been effectively employed in many public sector organizations.

### **5.1 Strong Performance Driven Leadership**

Aspect of (Marr 2007), One of the most crucial characteristic of transforming performance measurement in organization is leadership. Performance measurement and performance management can be established by well leadership in the organization. Concurrently, Creating vision is one of the leadership behavior to make a change (Bass ,1985). Strong strategic objectives and responds for these objectives as well as investigated idea for current principle and goals are the thing that the leader must have for its own organization, recognize the actions that needed to get those objectives and by conducting an analysis of the organizations already existed ideologies.

It is very impressive that selected local governments from three different countries are implementing strong leadership very successfully. Finding from the case study analysis, top level management levels, they formulate clear goals and objectives for their organizations and provide their members extra scope and choices in their daily work with primary and secondary objectives along with performance indicators. In Swedish municipalities, all goals and objectives are formulated by municipal council and all these are sent to the managers in the different departments to their employees. One significant thing is that Karlstad and Kristinehamn which are Swedish municipalities, municipal council and government together with set the precise visions and goals for their employees. It is different in establishing targets as well as in performance measurement methods. Knowing the objectives and having enough

of resources as One of the major success reason to attain the target is considered as to understand the goals and objectives and also to enough sources in the organization.

In other side, Finnish municipalities, Helsinki and Tampere, they differ from Swedish municipal because setting goals are articulated by city manager and city council and go down to their organization. Whereas, in Larvik, one of Norwegian municipalities, CEO and manager, they cooperate together and establish their aims and objectives for the entire organization. Moreover, evaluation procedures are operated by the senior managers as each person and as a group and the organization as a whole. In all these municipal, leaders lead the performance management function very well all over their organization.

## **5.2 Reward and Recognize Performance**

Rewards are usually performance review outcomes are assumed prizes or rewards, and sanctions may be occurred at the same time. Many kinds of rewards such as approval and appreciation, payments or increasing in wages and promotion can be practised in the organization. In rewarding performance, non-financial rewards are portion of process, however the most effective of performance measurement is promotion for achieving success. Rewards may also be granted on the basis of mutual achievement at group level (Ferreira & Otley 2009).

Surprisingly, nearly all selected organizations do not practise performance reward. Organizations might face a challenge which means decreased motivation for employee to get positive results in the organization (Wolk et al. 2008). The organizations think that reward systems should not be in such public services because some kinds of criticism can occur form elsewhere in the case of Karlstad municipality as well as Tampere, and Larvik municipalities. Rewarding good performance can be salary increased and promotion as well. Another noteworthy reason is compare with other municipalities, in Kristinehamn, they write policy for rewards which is the individual salary negotiation is possible prizes together with praise, recognition and in some cases promotion. Nevertheless, in the situation of Orebro municipality, this is not like Kristinehamn municipality, there are also individual wage allocations, but it is up to the individual manager's decision whether the employees should be rewarded. As from analysed, although they have such kind of thing, they cannot practise well in the organization. Additionally, in the case of Helsinki, it implemented measurement with payment by result. They have payment method to reward employees what employees have achieved their target and the extent of work accomplished. It stimulates employees'

motivation in order to reach specific target in that municipality. Reward system which means gratitude workers and partners should be provided in other organizations from the analysed.

### **5.3 Report and Communicating Performance**

A well technique of performance indicators must be utilized when the organization reports the outcomes. Reporting information associated with the organizational tasks and performance measurement should be focused in public sector organization (Lægheid, 2001a).

Annual reports, and quarterly reports are employed as a reporting system in investigated local governments. These are also common. Although most municipalities are utilizing through annual reporting performance, in Kristinehamn municipality apart from annual report, they reported every three or six months reports related with their financial and all other activities. In Larvik, monthly and tertiary report are considered for manager to report budget plans and other outcome reports what they have done. The rest municipalities are practising annually report. Moreover, the analyzed municipalities are using ICT system for reporting in result performance. This also help in gathering performance information better. By this way, The annual reports and ongoing reports are success measurement in all municipalities. The information flows every level in the organization differently.

### **5.4 Review and Discuss Performance Interactively**

Meetings as a guiding dialogue are occurred within the selected municipalities apart from performance report. The purpose of meeting is to report everything from outcomes and performance. The financial issue, performance report, managerial problem as well as achievement of results are mainly discussed in meeting. As was discovered from case analysis, three Swedish municipalities hold performance review meeting every month about the issue of improvement of performance meeting to allocate budget and to discuss projects and also running actions in the organization.

In case of Helsinki, dialogue takes place two times in a month within top management level, they hold meeting in public and make decision and also all information are sent to city website. It is also good practice using ICT system and display to public. It is a kind of transparency, and public trust will be occupied more. The communication to employees in the municipalities goes through the managers, and all of them have meetings and workshops about the result and performance and their activities.

In Norway municipality means Larvik practices performance improvement meeting along with peer group review system. There are two meeting within a year. This meeting is

one to one review meeting: one between manager and CEO to discuss overall performance and other is to review about customers and staff surveys result. This municipal priors customers benefits. Finally, Tampere holds performance dialogue as everyday routine which mean personal performance improvement meeting. In that meeting, manager and employee discuss about operational plans and explaining short-term issues. It is not like other municipalities, too much review meeting probably made very intensive and stress for staff. The review process is reported from bottom to top level which mean from manager to mayor, to city council in all the organizations.

## **5.5 Formulation of Recommendation**

The recommendation result from the analysis performed and the comparison of the results with the theoretical basis is that leaders within the organization should have commitment to performance management, and should know their members' behaviours, and should create learning environment to improve future performance and performance indicators to make better decisions.

Moreover, they should explain what the mission and vision are and the key advantages in the organization always to the employees. On the other hand, managers ought to be involved in levels of creation and implementation of organizational systems as well as top level executive should participate in different levels of organization such as reporting, reviewing and recognizing performance. Besides, leaders are supposed to give motivation to every individual in its organization that to grab targeted goals whatever the hard situation is, through cooperative effort. And leaders should have quick decision making skills and they should be responsible for they have done. In addition, a leader is supposed to be good listener, he or she should carefully listens to other, and support effective suggestions to go the process smoothly.

Furthermore, training programs for supervisors and employees and quality career development should be provided (Kim, 2009).

Secondly, ideas from many theorists (Marr, Kim, Risher), reward and recognize mechanism should be implemented. Reward framework is solid contributor to execution coming about in expanded efficiency. Once it is adopted, it is necessary to apply like KPIs and other performance metrics to measure performance and progress in the chosen organizations. It also enhances the motivation of employee and individual performance. Performance assessment can be made in their annual report or monthly or quarterly report by

using performance measurement indicators for instant KPIs, how much personal development they have undertaken in their organization. Employees should be recognized and rewarded what they have successfully completed their mission. Although financial and non-financial can be practiced, there are many ways to reward and recognize without spending any thing as a local government means public sector organization. Appreciation letter to employees and some present and holiday as well as celebrating party can be applied for who are deserved in the organization. In this way, success and higher performance can be achieved in the organization.

Finally, coming to the point “report and communicating performance” can be make it clearly and understandable. Apart from formal annual report, there can be made some short report with a brief caption including the key results in a clear sentence and then can follow the detail explanation. According to (Few,2004), time is precious, so shouldn't be spent by doing so many thing. Designed graphs and charts can be used in communicating in short. In addition, chosen local governments which do not have such kind of review meeting can practice in their organizations. Depending on Marr argument, they can do following practices, Revising the strategy can be exercised in strategy revision discussion which is normally held annually. Second, implementation of present policy can be discussed in strategic performance improvement meeting. Operational performance assembly which can be held in daily or weekly for discussing operational issues, and personal performance improvement meeting which can be held in annually or six monthly to discuss individual performance.

Moreover, in the meeting, ongoing challenges and success in the organization can also be discussed and also focus on future to get better performance and how to achieve better quality of services for customer and effectiveness. Meeting should be two sided approach which mean employee and leader actively participate in discussion. Evidence based data should be utilized in performance review meeting.

## CONCLUSIONS

Organizations are necessary to create the organizational culture which suit for the organizations in order to improve the management capacity for their organization. There is no organization that does not have a culture. If the culture in the organization is true, there is probably one of the most successful aspects of any performance management plan (Marr, 2009). Moreover, making the proper performance driven culture where there's an empowered learning environment permits the individuals to memorize and to utilize indicators, challenge and make strides the execution. The performance driven culture is successfully created in the local governments (Finland, Sweden and Norway) which are analyzed in the research. However, there may have some requirements in these local governments by implementing the system.

Therefore, the main aim of this thesis is to define the set of key characteristics of organizational culture that contribute to higher performance of public sector organizations.

Firstly a comprehensive literatures' review was accomplished for creating the theoretical background which is correlated to this study in order to achieve the aim. In order to reach aim and objectives of the research, qualitative methods approach together with case study analysis was employed. By applying these methods, case study analysis was completed for the key characteristics of performance driven culture in the public sector organizations.

As discovered from case study analysis, all investigated local governments have successfully implemented performance measurement and management system. Performance management is a concept which has received considerable public sector attention since the introduction of (NPM) New Public Management (O'Flynn 2007). All municipalities apply new plans for performance management. They used budgeting as a very common tool for management. Key Performance Indicator (KPIs) and Balanced Scorecard (BSC) are practising as their performance measurement tool.

All the chosen local governments, they all have a clearly defined vision and mission which describes their desired future state and a development. The municipal council alone or together with manager or government determine all goals and objectives relate to the indicators and structured down across manager to their employee in all the municipalities. These differ the organizational structure. In all three municipalities, performance is evaluated at departmental level and for the entire organization.

In neither of the municipalities except one, there is a reward system for reaching the goals and objectives for the employees and penalties as well. The lack of consequences for achieving goals could be a problem, as it could lead to a reduced incentive to achieve efficient operational performance (Wolk et al. 2008). Pay for performance is only using in one municipality. Organizations need empowered workers to maintain an productive workforce ready to achieve strategic organizational goals.

Performance reporting and communication system is being employed in all local government in the research. Mostly, annual report is kind of performance assessment for employee in the organization. Depending on their organization, they report annually, monthly and quarterly etc. By adopting this reporting performance system, all the organizations in the study have become improve in accountability, reputation and legitimacy as well as performance assessment and evaluation. Moreover, transparency, effectiveness, and efficiency are also enhanced, so there is more mutual trust in relation with customers, stakeholders and employees too. Performance reporting is essential to improving in monitoring and assessment, as it helps track, prepare and budget; manages and evaluates; learns and improves; compares performance and results (Creso et al. 2013).

In addition, the information flows through the website by top-down process in all municipalities. Further the communication is perceived as an important tool that is used through meetings and workshops for informing the employees. Ultimately, performance review meeting is proceeding in all municipalities successfully. It also improves organizational learning and provides better in decision making process in these organizations (Moynihan 2005). Moreover, it delivers great improvements to the entire organization performance and productivity. Apart from this, there is the further benefit of improving employee engagement and drive employee satisfaction. By practising all these characteristics together, it leads to success and achieve their goals with high performance in their organizations.

This study has limitation. The key characteristic of organizational culture are analyzed by using only case study analysis with qualitative method and using secondary data because of some difficulties for getting primary data from the chosen organization in the research. In the future, it can be more developed in other research approach with interview, survey questionnaires etc. Moreover, one of the fascinating issue is the performance driven culture impact in the public sector shall be analyzed in a perfect way. It may have significant effect

on the characteristics and how performance management system work regarding their operating activities.



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