Implementation of a Performance Management System in the Public Sector Institutions: A Study on the Regional Directorate of Health Services-Badulla/Sri Lanka

By

Dodan Godage Kanchana

MPPG 4th Batch

Thesis submitted to the
Public Policy and Governance (PPG) Program
in partial fulfillment for the award of

Master in Public Policy and Governance (MPPG)

December 2015

Department of Political Science and Sociology
North South University
Dhaka, Bangladesh
www.mppg-nsu.org

Dedicated To: My Loving Mother

Acknowledgement

I take this opportunity to express my sincere gratitude to everyone who encouraged and supported me throughout the research.

Firstly, I would like to forward my sincere gratitude to the supervisor Senior Professor A.M. Navarathne Bandara, Immediate Former Dean of the Faculty of Arts (2013-2015) and Retired Senior Professor in the Department of Political Science, University of Peradeniya and currently Chairman of the National Institute of Language Education and Training (NILET), Ministry of National Coexistence, Dialogue and Official Languages, Sri Lanka for giving me valuable insights, constructive criticisms and scholarly guidance for my research.

My sincere thanks also go to Mr. I. Renuka Priyantha, Senior Lecturer and the country coordinator of the NORHED Project for directing me through a scholarly guidance on writing the thesis. Furthermore, I would like to thank Dr. M.W.A.G. Athula Withanawasam, Head, Department of Political Science, Faculty of Arts, University of Peradeniya for supporting and encouraging me for this study.

I would like to extend my warmest thanks to Professior Salahuddin M. Aminuzzaman, Advisor of Master in Public Policy Programme (MPPG), Department of Political Science and Sociology, North South University for his valuable advices and scholarly insights for the preparation of the thesis proposal and encouraging me throughout the Study. Moreover, my grateful gratitude goes to Professor S.K. Tawfique M. Haque, Director, MPPG Programme, North South University for encouraging me throughout the thesis work and studies. I must give my sincere thanks to Professor Ishtiaq Jamil, Department of Public Administration, University of Bergen, Norway for giving me valuable scholarly inputs in writing the thesis. My sincere thanks also go to Dr. Mahfuzul Haque, Dr. Rizwan Khair, MPPG Programme, North South University for helping me through valuable comments and suggestions for the preparation of the thesis proposal and presentation.

My grateful thanks go to Dr. J.C.M. Tennakoon, Director of the Regional Directorate of Health Services-Badulla and to the respective respondents who provided adequate information by spending their precious time without any hesitation to write the thesis.

My sincere thanks also go to the NORHED Project for providing the financial support throughout the study programme, and to the MPPG coordinators for selecting me as a student of the programme.

Finally, I would like to give my heartiest gratitude to my family members.

24. 12. 2015.
Dodan Godage Kanchana.

Abstract

The dynamism of the expectations of the citizens is increasing day by day and to fulfill their expectations, the public sector of Sri Lanka has to play a vital role in the provision of efficient and effective services to them. On the other hand, the GOSL has to move from the traditional aspects of its decision making and implementation ensuring the lending conditions of the international and regional donors to achieve the Millennium Developmental Goals. With those objectives, the GOSL has implemented Managing for Development Results (MfDR) as a public sector performance management system in 2006/07. The MfDR has been implemented as a whole government approach and therefore its implementation from Line Ministry to regional level is significant in the same way to reduce the malpractices of the public sector and unnecessary government expenditure. Though few years have already spent after its implementation, there are several problems at the regional level administration. There are many arguments regarding the extent to which MfDR has achieved the desired targets as a performance management system in the public sector of Sri Lanka and how it has affected to manage the public sector performances. This issue was raised in the present study.

In addressing the above issue, the study was directed by its hypothesis: the successful implementation of a Performance Management System in public sector institutions will depend on the role played by the institutional leadership in designing and dissemination of PMS, the institutional capacity provided and the positive changes taken place in the administrative culture of the organization. The main objectives of the study were to examine the issues and problems to be addressed at the implementation level of the Performance Management System (PMS) focusing on selected district administration of Health sector in Sri Lanka and to find out the extent to which the institutional leadership, institutional capacity and administrative culture influence its effective implementation.

The Regional Directorate of Health Service (RDHS)-*Badulla* was selected as the case study of the research and in collection of data, the Content analysis, Survey method, Case study and Interview method were used. The total sample of the questionnaire survey consisted of 46 officials representing both service providers and service seekers. Furthermore, 09 officials were interviewed under structured and unstructured interviews. Several case studies and informal discussions were used to identify the truth behind the

implementation of MfDR, which was unable to discover through other methods. In the analysis of data, descriptive analysis method was used.

The implementation level of MfDR as PMS at the RDHS was examined and the findings revealed that the implementation level is not in a satisfactory level. The second question was to examine the extent to which the leadership role, institutional capacity and the administrative culture of RDHS affect the successful implementation of MfDR. The findings revealed that the leadership role and the administrative culture have been negatively affected and therefore, the implementation of MfDR is problematic at the regional level even though the instructional capacity of RDHS has influenced it positively.

The changing role of the leader was initially emphasized in implementing MfDR as a prelude to the attitudinal changes of the staff members. However, a performance oriented leadership role and participatory decision making for major activities such as risk management, resource distribution and designing reward systems, etc. cannot be seen. The huge pressure over regional health managers from a large number of vertical and horizontal public sector institutions, political leaders and the step-motherly treatments of the Line ministry towards the provincial activities are some of the identified reasons. A proper system to appreciate individual performances is not available and therefore the leaders themselves and the supportive working staff are not satisfied with the existing administrative pattern in Sri Lanka. The implementation of MfDR has affected to the positive changes in the institutional level but its continuation is challenged by the weak role played by the leader.

Contents

List of Tables

List of figures

List of graphs

List of Case Studies

List of abbreviation

ARC	-	Administrative Reform Committee
APMF	-	Agency Performance Measurement Framework
ARF	-	Agency Results Framework
DFABM	-	Department of Foreign Aid and Budget Monitoring
GOSL	-	Government of Sri Lanka
HMP	-	Health Master Plan
KPI	-	Key Performance Indicators
MfDR	-	Managing for Development Results
MO	-	Medical Officer
MOH	-	Medical Officer of Health
MOFP	-	Ministry of Financial and Planning
MPI	-	Ministry of Plan Implementation
NCD	-	Non-Communicable Diseases
NGOs	-	Non-Governmental Organizations
OECD	-	Organization for Economic Cooperation and Development
PMS	-	Performance Management System
PC	-	Provincial Council
PDHS	-	Provincial Department of Health Services
PGIM	-	Postgraduate Institute of Medicine
RDHS	-	Regional Directorate of Health Services
SLAS	-	Sri Lanka Administrative Services
UNICEF	-	United Nations International Children's Emergency Fund
UPMOH	-	Uva Provincial Ministry of Health
WB	-	World Bank

Chapter One
Introduction

1.1. Background and Context

Most developing and transitional countries have been using a set of management techniques and practices which are mostly associated with market and private-for-profit sectors since 1980s (Larbi: 2003:01 To develop a more performance oriented culture in the public sector, many of the developing countries have taken two closely related elements such as:

i. An increased focus on results, in terms of efficiency, effectiveness and quality of services,
ii. A move from centralized bureaucratic structures to more decentralized managerial environments (Petrie, 2002: 117).

Though performance measurement and management is a main component of the New Public Management Movement, it has a long history in public administration and its focus has changed over time (Laegreid, Roness and Rubecksen, 2005: 03). Establishing a performance management system in a public sector institution will affect to change the traditional administrative culture into a work-oriented culture. For that, there should be a continuous and a dynamic process to manage institutional performances.

Dynamism of public services, rising the citizens' expectations, rightsizing and innovations in service delivery are the main challenges currently faced by the public sector of Sri Lanka (National Productivity Secretariat, 2015). According to the changes of the citizens' expectations, they require the quality products and services from the public sector institutions as they experienced from the private sector organizations. For this reason, the need of a Performance Management System (PMS) to manage the public sector performances realistically has come to the discussion in the Sri Lankan context. Before coming to the discussions on the quality enhancement of products and services through a PMS, e-government and decentralized service delivery mechanisms has been introduced and practiced in the Sri Lankan public sector. However, those initiatives have

not been supported well enough to satisfy the needs of people. On the other hand, Sri Lanka had to change its traditional aspects of public policy making and implementation process according to the contemporary changes which were taking place in many developing countries. If not, it was not possible to respond to the lending conditions of International Financial Institutions such as International Monetary Fund and the World Bank. Therefore, the Government of Sri Lanka (GOSL) has implemented the "Managing for Development Results (MfDR)" as a comprehensive approach on managing public sector performances to accelerate development, reduce poverty, ensure equality and improve social living standards and quality of life of the people. The GOSL has identified the importance of managing public sector performances to achieve good governance by improving development efficiency and effectiveness, transparency, accountability and informed decision-making (Sivagnanasothy, 2009: 02).

The MfDR is "a management approach with a focus upon performance management and effective and efficient results delivery. It is linked with all phases of the management cycle from planning to reporting and feedback for future planning and focuses on achievement of outputs, outcomes and impacts" (Department of Foreign Aid and Budget Monitoring, Ministry of Finance and Planning, 2011:07). The elements of MfDR can be mentioned as follows;

i. Using information to improve organization,
ii. Context and stakeholder/ client analysis,
iii. Defining results and identifying risks,
iv. Monitoring risks
v. Selecting indicators to measure results (Ibid, p.07).

The MfDR concept has been adopted since 1990s (Sivagnanasothy, 2009: 02) to strengthen the planning, monitoring and evaluation system. The GOSL as a signatory to the Paris Declaration on Aid Effectiveness[1] of March 2005 was committed to

[1] The Paris Declaration (2005) is a practical, action-oriented roadmap to improve the quality of aid and its impact on development. It gives a series of specific implementation measures and establishes a monitoring system to assess progress and ensure that donors and recipients hold each other accountable for their commitments (OECD Website, Accessed on: 26/02/2015).

institutionalize the MfDR government-wide and the government has expanded the application of MfDR principles at the national, sectorial, agency and project level. Accordingly, all the line ministries are required to justify their budget with well-defined output/outcome indicators.

The leadership of implementation of this process has given to the Ministry of Plan Implementation (MPI), Ministry of Finance and Planning (MOFP) and President's Office (Sivagnanasothy, 2009: 02). All the line ministries, agencies, project management units, provincial councils and district/ divisional secretariats have to follow the MfDR principles and they have to submit progress reports in specified formats on a periodic basis. The Department of Foreign Aid and Budget Monitoring (DFABM) has been given the authority by the Cabinet of Ministers to institutionalize MfDR Government-wide and it has achieved the success through the use of following process which consists of ten major steps.

I. *Selecting the Ministries/Organizations for the initial rounds of implementation.*
II. *Establishing a steering committee to oversee the process of implementation of MfDR within the organization.*
III. *Identifying/revisiting the business domain and purpose of the organization.*
IV. *Identifying/revisiting the Vision and Mission of the organization.*
V. *Identifying the trust areas of the organization, giving emphasis to its core business.*
VI. *Identifying and establishing key results areas and related outputs and outcomes in each of the thrust areas.*
VII. *Preparing Agency Result Frameworks (ARF) and Scorecards with Key Performance Indicators (KPI) (Setting out the baseline and medium term targets).*
VIII. *Presenting the Vision, Mission, Thrust areas, Goals and KPIs to the stakeholders.*
IX. *Cascading the ARF, Scorecards and KPIs to the lower levels of the organization.*
X. *Monitoring the ARF, Scorecards and KPIs (Department of Foreign Aid and Budget Monitoring, Ministry of Finance and Planning, 2011:09).*

Public offices and public officials have to be accountable for results and they are gaining budget appropriation from the Parliament at a macro perspective to implement their specific mandate. This mandate has to be interpreted into detailed institutional expectations (Sivagnanasothy, N.D.; 04). Those detailed management or institutional

expectations' will display in the Agency Results Framework (ARF)[2] and by measuring performance against those management expectations, the institution will be in a better position to objectively assess the results achievements (Sivagnanasothy, N.D.; 04).

Further, each ministries/ departments have given Agency Performance Measurement Frameworks (APMF) and it consists of four major steps such as 'Plan', 'Do', 'Check' and 'Adjust' (Plan-Do-Check-Adjust Cycle). At the planning stage, the desired results will be defined by focusing on the thrust areas and the desired expectations should be implied the shared within the organization. The strategies and actions of the ministries/departments are linked to the desired results at the "Do" stage. At the "Check" stage, performance is evaluated using the key Performance Measures (KPMs). Finally, resources adjustment and streamlining with strategies and actions to achieve desired results can be seen (Sivagnanasothy: N.D.; 05).

At the initial stage, the concept of MfDR as a comprehensive performance management system has been piloted in 2006/07 with four key line ministries such as health, education, agriculture and highways. The expansion of this performance management tool can be seen for other line ministries/ institutions at the central level and also from central to periphery level. By 2009, its operations have been expanded to 31 line ministries (Sivagnanasothy, 2009: 03). But there are many arguments regarding the extent to which the MfDR has achieved the desired targets as a performance management tool in the public sector of Sri Lanka. However, since the MfDR has attempted to manage the public sector performances, the study expects to raise this issue.

1.2. Significance of the Study

The main purpose of introducing the "Managing for Development Results" concept from central to regional level was to increase the efficiency and effectiveness of public sector institutions by reducing the public sector corruptions and unnecessary government expenditure. It has implemented as a performance management tool by setting comprehensive targets at the national and regional level to go in line with the Millennium

[2] The Agency Results Framework presents the results that need to be delivered by an organization. These results would include outputs, outcomes, sectorial outcomes and national/societal outcomes (Department of Foreign Aid and Budget Monitoring, Ministry of Finance and Planning, 2011:36).

Development Goals (MDGs). The MfDR represents "a process of change in an organization to align its values, culture, policies, strategies and practices behind a set of well-designed and defined results"(Department of Foreign Aid and Budget Monitoring, Ministry of Finance and Planning, 2011:07).

However, due to the hierarchical approach followed in the implementation, there are number of challenges faced by the provincial level institutions. In addition, the horizontal and vertical relations[3] in the organizational process have created complex issues in the administrative life. Field level administration is occasionally challenged by the public due to incompatibility of their decisions with the decisions of central institutions. The regional level institutions have to satisfy the people by providing day-to-day administrative services while working towards achieving the set targets as a long term organizational goal in the Performance Management System. Accordingly, this situation is analyzed in this study.

As highlighted in the literature review, many of the researchers and academicians have developed knowledge by focusing only on the New Public Management (NPM) Reforms, by mainly trying to understand how and why those reforms have not been successful in the Sri Lankan context. Sri Lankan public sector is not totally out of the NPM reforms and it is moving towards new approaches. The implementation of MfDR as a performance management system is a good example in this direction. However, a knowledge gap concerning its successes or failures can be observed. There is no adequate

[3] Sri Lanka practices vertical and horizontal pattern of governance from central level to grass root level of its administrative and governing activities, i.e. the RDHS Office at *Badulla* District has to be responsible with its activities to the large numbers of its higher level authorities such as Provincial Health Department, Provincial Health Ministry, National Health Ministry, etc. This can be named as the vertical relationship of that RDHS Office and also it has more relations horizontally to share some duties with other governmental and non-governmental institutions. For example, when the RDHS Office takes actions related to health promotion of rural children, it has to have official relations with the regional school administration which comes under the authority of another ministry. Also when the RDHS Office tries to initiate actions to prevent dengue fever in the region, it has to jointly choose the actions with the local governments such as Municipal Councils, Urban Councils and *Pradeshiya Sabhas* which have been basically assigned the duties related to cleanliness and other well-being activities of the cities and villages. In addition to these relationships, there are other NGOs which assist to health related activities of the RDHS Office by granting funds and conducting research activities on severe health issues. All Sri Lankan public sector institutions have to face a lot of challenges when they deal with this kind of multi-level institutions.

literature on how the MfDR has succeeded in managing the functions of the public sector institutions of Sri Lanka and therefore this study will somehow help to fill in this knowledge gap.

1.3. Problem Statement

Public sector performance management is process-oriented and it can be taken as a steering process to manage the relationship between Inputs and Outputs. Similarly, it steers the Inputs in terms of institutional capacity, human resources and administrative culture towards a performance-oriented institutional environment. When the Performance Management System moves towards individual performances of an institution at first, then there is a high intensity in opposing the system by the existing administrative culture and when it affects in terms of setting targets, defining Inputs, finding Outputs and Outcome measures through the institutional perspective, there is a high possibility to absorb the new system by the administrative culture. Thus, the public sector performance management is necessarily link up with the role of institutional leadership. Whole implementation process of PMS will depend on the actions and the commitment of a leader since the public sector institutions still follow the rigid hierarchical structure.

Thus, according to the literature review, the performance management has been successful in the public sector of developed world due to its positive impacts towards institutional improvements. Those improvements could be especially seen due to the changing pattern of institutional capacity, administrative culture and the role of institutional leadership. There is a high weight on the role of institutional leadership, institutional capacity and the administrative culture for the successful implementation of a performance management system in public sector institutions. The prime focus of this study was to find out the implementation level of performance management system in Sri Lankan public sector and to what extent the institutional leadership, institutional capacity and administrative culture influence its effective implementation.

1.4. Objectives of the Study

There are two main objectives of the study and first is to examine the issues and problems to be addressed at the implementation level of the Performance Management System (PMS) focusing on the selected district administration of Health sector in Sri Lanka. The

second objective is to find out the extent to which the institutional leadership, institutional capacity and administrative culture influence on its effective implementation.

1.5. Research Hypothesis

The study has been directed by the following hypothesis.

(H_1). The successful implementation of a Performance Management System in a public sector institution will be depended on the role played by the institutional leadership in designing and dissemination of PMS, the institutional capacity provided and the positive changes taken place in the administrative culture of the organization.

1.6. Research Questions

In view of above objectives, following research questions have been raised.

1. What is the implementation level of Performance Management System in the public sector of Sri Lanka?
2. Do institutional leadership, institutional capacity and the administrative culture influence on its effective implementation?

1.7. Analytical Framework

The study was directed by the following analytical framework depicted in figure 1.1. The illustrated variables have derived from the literature review made in the second chapter. The **dependent** variable of this study is "implementation of a performance management system in a public sector institution". There are three **independent** variables such as role of institutional leadership, institutional capacity and the administrative culture. Indicators for each independent variable are presented in the table 1.1. In addition, for the convenience of understanding, operational definitions for all variables and indicators are mentioned below.

Figure 1.1: **Analytical framework**

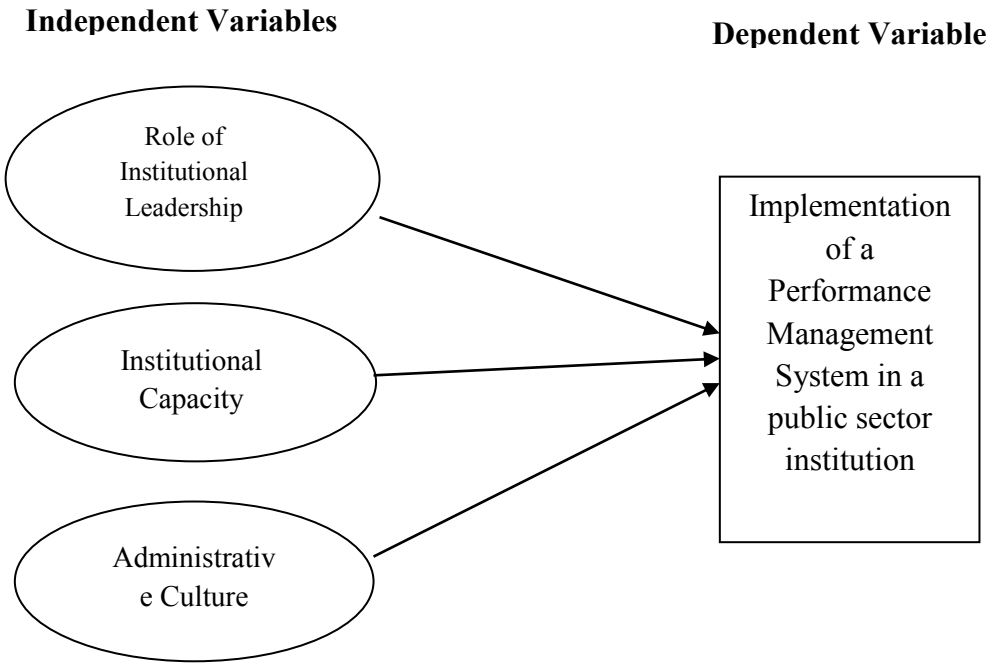


Table 1.1: Variable Matrix

Dependent Variable	Independent variables	Indicators
Implementation of a Performance Management System in a Public Sector Institution	Institutional Leadership	Strategic Decisions, Competency, Capacity, Leader-member relations, Position Power, Leadership Styles.
	Institutional Capacity	Skills, Tenure, Competency, Training, Number of Staff members, Staff members' Satisfaction towards institutional functions, Financial capability , Technology and physical resources, Authority, Horizontal and Vertical Control, Organizational Characteristics.
	Administrative Culture	Attitudes and Values of Personnel, Corrupt practices, Political influence, People friendliness, Use of money or other privileges for the access of services, Superior-Subordinate relationship.

Operational Definitions

Performance Management System: Refers to the strategic management of the process of inputs to outputs and outcomes of an organization towards its vision, mission and objectives in terms of efficiency and effective products and services.

Institutional Leadership: Refers to the ability to influence a group towards a successful decision making and implementation process of a Performance Management System.

Strategic Decisions: Refers to what extent the leaders use strategic decisions which affect the performance management system.

Competency: Refers to the capability of the leaders in adoption and implementation of the performance management system.

Capacity: Refers to what extent the leaders are capable of managing human and physical resources towards enhancing the institutional performances and the ability to cope up with risky situations.

Leader-Follower Relations: Refers to the degree of confidence, trust, and respect members have for their leaders (Robbins and Judge: 2013: 373).

Position Power: Refers to the degree of influence a leader has over power variables such as hiring, firing, discipline, promotions, and salary increases (Robbins and Judge: 2013: 374).

Leadership Styles: Refers to what extent the leadership styles such as people and employee oriented leadership, change oriented leadership, tasks oriented leadership, etc. affect the success of the performance management system.

Institutional Capacity: Refers to what extent a public sector institution is capable of managing its resources **(**physical and human) and process towards achieving the desired targets.

Human Resources: Refers to the staff who operates an organization with adequate skills, attitudes and knowledge towards organizational activities.

Skills: Refers to a particular ability that needs to perform a duty well.

Financial Capability: The allocated budget by the Central and Provincial authorities for the implementation of PMS and the fiscal powers granted by the higher authorities to find funds from other sources to fill the gap between the requested budget and the allocated budget.

Technology and Physical Resources: Refers to the Computers and network facilities, location, communication and transport facilities and other instruments which are essential for the day-to-day administrative activities.

Power and Authority: Refers to the level of legitimized (legal) power which has been delegated to the Office of the Regional Director of Health Services.

Horizontal and Vertical Control: Refers to the extent to which both horizontal and vertical institutional decisions affect in terms of inputs of the institution.

Organizational Characteristics: Refers to the age of the organization, work distribution, internal communication, internal posting, etc.

Superior-Subordinate Relationship: Refers to the extent to which the distant relationship of superiors and subordinates affect to the institutional decision making and implementation process.

Administrative Culture: Administrative culture refers to the civil servants' personal values, attitudes and assumptions. They are mixtures of organizational values, norms, status, formal and informal rules, etc.

1.8. Research Methodology

1.8.1. Sources of Data

Both primary and secondary data were used in this research. The primary data was collected from the officials who work as the service providers and the service seekers. Sources of data and data collection methods are presented in table 1.2 with details.

Thus, for the content analysis, secondary data was collected through the sources such as published books, journal articles, government websites, records, annual organizational performance reports, government legal documents, Acts and policy documents, etc. The content analysis has helped the researcher to build the theoretical framework which directed the study until it reached the end and also to fulfill the data gap which was not possible to cover through primary data.

The researcher especially collected the data and information related to the country using the secondary sources such as "Monitoring and Evaluation System in Sri Lanka: Experiences, Challenges and the Way Forward" (2009) by Sivagnanasothy, Velayuthan., "Moving from Concept to Action: Asian Experiences on Managing for Development Results" (2009) by Secretariat of the Asia-Pacific Community., "Reform of the Personnel System", Report no- 04 of the Administrative Reforms Committee (1987) by Government of Sri Lanka., "Managing for Development Results; Organization Implementation Manual" (2011) by the Department of Foreign Aid and Budget Monitoring., "District Health Plan" (2009) by the Regional Directorate of Health Services-Badulla., "Document of the World Bank; Sri Lanka: Second Health Development Project (Report No; 75250LK)"(2013) by International Development Association and, "Health Sector in Sri Lanka: Current Status and Challenges" (2002) by Health Development and Research Programme, University of Colombo.

1.8.2. Data Collection Methods

The study followed the mixed method approach in data collection. Both qualitative and quantitative methods such as Content Analysis, Questionnaire Survey, Interview and Case Study have been used as data collection methods. Utilizing all these methods has benefited the process of data collection due to its lack of bias. The scope of this study was

complex since it focused the institutions in public sector. These institutions typically have a kind of complex environment in nature due to their broader aspects of delivering services to the public. Therefore, the use of one or two methods would not cover many aspects of the defined variables.

1.8.3. Study Area

The health system in Sri Lanka is primarily divided into two levels such as national and provincial. At the national level, the Ministry of Health (Central Government) is responsible for the provision of comprehensive health services which include services for preventive, promotive, curative and rehabilitative care (Jayatissa and Fernando, 2011:04). At the provincial level (the devolved Provincial Government with the implementation of the Provincial Councils Act in 1989), the Provincial Ministry of Health, Provincial Department of Health Services and the Regional Directorates of Health Services are the main leading institutions for health related policy planning and implementation. The *Uva* Province consists of two districts, namely *Badulla* and *Monaragala* and therefore, there are two Regional Directorates of Health Services for each of them.

Thus, this study is limited to the Regional Directorate of Health Services-*Badulla* which is the Provincial Capital. *Badulla* is highly populated and its Mid-year population was estimated as 835000 in 2014 whereas in *Monaragala* District it is 466000 (Department of Census and Statistics-Sri Lanka, 2015). The land area of *Badulla* District has recorded as 2828sqkm and it is less than the *Monaragala* District which covers the land area of 5852sqkm (Provincial Directorate of Health Services-Uva, 2008: 01). Though the land area of *Badulla* District is smaller than *Monaragala*, it represents the ethnic, religious and environmental diversity; especially it is one of the seven Districts where there are large numbers of estates which cover an extent of 39752 hectares. It represents one fifth of whole population in *Badulla* District (RDHS-*Badulla*, 2009). The RDHS-*Badulla* is responsible for management and effective implementation of all health services at district level (Jayatissa and Fernando, 2011:04). There are 81 institutions under the supervision of Regional Director of Health Services–*Badulla.* They are named as Base Hospitals, Divisional Hospitals, Central Dispensaries and Maternity Homes, MOH Offices (Medical Officer of Health) and Special Units (i.e., Anti Malaria Campaigns and Others). The institution was considered as the supplier, facilitator, advisor, supervisor, decision maker

and implementer to the respective region. It possesses a kind of complex working environment compared to the RDHS-*Monaragala* since it has to provide curative and preventive care services throughout the District by ensuring the social harmony among different ethnic and social groups. In addition, due to the diversity of the environment; especially in the hilly areas, the disaster preparedness of health activities should be very strong. The study has reached the data from 2010 up to date.

1.8.4. Sampling Methods/Sample Size

During the survey, questionnaires were used to collect data from service providers and service seekers. Purposive sampling technique was used for the questionnaire survey and the total number of 46 respondents was taken as the sample. The Service Providers refer to the internal officers who work in the RDHS-*Badulla* and the Service Seekers refer to the external officers who represent the offices and receive services from RDHS. It includes the subordinate offices of the RDHS and other vertical institutions. Namely, *Uva* Provincial Department of Health Services and *Uva* Provincial Ministry of Health (UPMOH) are the higher authorities which expect efficient and effective services from the RDHS. Base Hospitals, Divisional Hospitals, Central Dispensaries and Maternity Homes and Offices of the Medical Officer of Health (MOH Offices) are the sub institutions who receive services from the RDHS. All participants were provided with the questionnaires directly by the researcher herself.

At the first stage, 23 questionnaires were distributed among the service providers. When selecting the individuals as service providers, the attention was set to the key informants who were involved in decision making and implementation of the institutional activities and also to the individuals from different job cadres of the RDHS. Out of 23, 15 questionnaires were distributed to the key informants who work as the sectional heads of each of the health categories attached to RDHS. They can be named as Medical Officer-Planning, Regional Epidemiologist, Medical Officer-Maternal and Child Health, Medical Officer-Non Communicable Diseases, District Health Education Officer, Regional Dentist, Supervising Public Health Nursing Sister, Supervising Public Health Inspector, Food and Drug Inspector, Regional Malaria Officer, Divisional Pharmacist and Public Health Inspectors (04 representing the Special Campaigns—Leprosy, Sexually Transmitted Diseases, Anti Rabies and the Chest Clinic).

Thus, 07 questionnaires were distributed among the following officials who are directly involved with the financial and human resource management. Accountant is the chief of the financial section. Administrative Officer and Chief Management Assistant are the key responsible persons for the staff management. Development Officer, Management Assistant, Technical Officer and a Minor staff member have been selected to represent the majority of other job categories. In addition, the official who is responsible for vehicle management of the RDHS has been selected for the survey.

At the second stage, the total number of 23 questionnaires was distributed among the institutional heads who have been selected as the service seekers and in case of their absences, the other most responsible persons for the institutional administration have been selected to fill out the questionnaires by representing the institutional views. Medical Officer-Planning from Uva Provincial Department of Health Services, Administrative Officer from the *Uva* Provincial Ministry of Health, Medical Superintendent from the Base Hospital—*Mahiyanganaya* (Grade-A), six Medical Officers from the Divisional Hospitals—*Passara* and *Bandarawella* (Grade-A), *Lunugala* and *Haputhale* (Grade-B), *Kahataruppa* and *Demodara* (Grade-C), four (two Medical Officers & two Registered Medical Officers) from the Central Dispensaries and Maternity Homes—*Hela Halpe, Hali-Ela, Thaldena and Ella* and ten *(*two Public Health Inspectors and a Public Health Nursing Sister and seven Medical Doctors) were from ten Offices of the Medical Officer of Health (MOH)—*Bandarawella*, *Meegahakiula*, *Ella*, *Wellimada*, *Soranathota*, *Ridemaliyadda*, *Hali-Ela*, *Haputhale*, *Kandeketiya*, *Uva Paranagama*. Out of all respondents*,* 23 have cooperated well enough by successfully filling in the given questionnaires.

In interviewing the key informants, semi-structured and unstructured interviews were conducted. The Director (Policy Planning) and Director (Organizational Development) from the National Ministry of Health were interviewed as the key informants who designed the performance management related policies for the development of the health sector. The key persons of the provincial level decision making and implementation; Consultant Community Physician from the *Uva* Provincial Department of Health Services and the Director of Regional Directorate of Health Services-*Badulla* were also interviewed. The leaders who are mostly involved in performance management related

decision making and implementation at the RDHS Office level—Accountant (financial manager), Medical Officer (Planning), Regional Epidemiologist, Medical Officer (Mental Health), District Supervising Public Health Inspector and District Health Education officer were interviewed. In addition, informal discussions were made with the selected groups of institutional heads from the subordinate offices. Through these formal and informal discussions, the researcher could identify factors which are not covered through the questionnaire survey.

In case of justifying the survey data, the researcher has paid attention to use case study method as an in-depth study. Some of the data collected from the case studies was written as the narratives.

Table 1.2: Summary of Sources of Data and Data Collection Methods

Variables		Indicators	Sources of Data	Data Collection Methods
Independent Variables	**Institutional Capacity**	Skills, Tenure of administrators, Competency, Trainings, Number of Staff members.	Civil servants recruitment policies, Circulars of Provincial and National level, Personnel management records, Annual Progress Report of the RDHS Office, Relevant Public Officials from RDHS and its subordinate offices/ PDHS/ UPMOH.	Review of all necessary documents, interviews, Questionnaire Survey, Case Study
		Staff members' Satisfaction.	Officials as service providers and service seekers	Questionnaire Survey, Interviews and Case Study.
		Organizational Characteristics.	RDHS-Office's reports, Annual Planning Reports, Circulars, Progress Reports, PDHS's/ PC's/ UPMOH's Records, Citizen Charter.	Questionnaire Survey, Interviews and Review of documents.
		Financial capability	Provincial and Central Budget Reports, Annual Planning Reports and Progress reports.	Questionnaire Survey, Interviews and Review of documents.
		Technology and Physical resources.	Officials from RDHS/ PDHS/ UPMOH.	Questionnaire Survey, Interviews and Review of documents.

		Horizontal and Vertical Control, Authority, : To what extent the RDHS has been given resources, time, workload, authority etc., by the higher authorities and to what extent the RDHS Office has to be responsible with Horizontal and Vertical institutions.	RDHS-Office's reports, Annual Planning Reports, Circulars, Progress Reports, PDHS's/ PC's/ UPMOH's Records, Citizen Charter, Provincial and Central Budget Reports, Officials from RDHS Office/ PDHS/ UPMOH.	Questionnaire Survey, Interviews and Review of documents.
	Administrative Culture	Attitudes and Values of Personnel, Corrupt practices, Political influence, People friendliness, Use of money or other privileges for the access of services, Superior-Subordinate relationship.	Officials as service providers and service seekers	Interviews, Questionnaire Survey, Case Study.
	Institutional Leadership	Competency, Leader-member relations, Position Power, Leadership Styles, Strategic Decisions, Capacity.	Civil servants recruitment policies, Circulars of Provincial and National level, Officials as service providers and service seekers,	Questionnaire Survey, Interviews, Case Study and Review of documents.
Dependent Variable	**Implementation of a Performance Management System in a public sector institution**	Steps of Performance Management System.	RDHS-Office's reports, Annual Planning Reports, Circulars, Progress Reports, PDHS's/ PC's/ PMOHS's Records, Citizen Charter, Provincial and Central Budget Reports, Officials from RDHS Office/ PDHS/ UPMOH.	Questionnaire Survey, Interviews and Review of documents.

1.8.5. Data Processing and Analysis

In the questionnaire survey, the Likert Five Points Scale was often used to collect data. The study has used the descriptive analysis method and the Statistical Package for Social

Sciences (SPSS) (20 version) in the processing and analyzing of quantitative data. Moreover, in the qualitative data analysis, the "focused synthesis technique" (Aminuzzaman, 2011: 67) was used.

1.9. Scope and the Limitations of the Study

The scope of this study was limited only to the performance management because it does not focus on the individual performance management of the selected institution. Due to the inability of accessing data within the given limited time period, the research could only study the institutional perspective of the performance management. While focusing on the institutional perspective of the public sector performance management at the beginning, the study attempts to carry out a comparative study by giving special references to two District Health Administrative Institutions out of 25 district institutions. The Regional Directorates of Health Services in both *Badulla* and *Colombo* Districts were selected representing two Provinces–Western and *Uva* (the devolved provincial government). Due to the inability to access data from the Regional Directorate of Health Services-Colombo, the study had to limit itself to one institution and therefore, the Regional Directorate of Health Services-*Badulla* was only been selected as the prime focus of this research. If the researcher had the opportunity to go for a comparison, the study would be more empirically strengthened. It has lost the opportunity in identifying different factors which may arise when implementing the performance management system in the public sector institutions at the periphery level.

1.10. Structure of the Thesis

This study will comprise of six chapters. In the first chapter, the main focus is on the introduction of the study with special references to the background and the context of the study, Statement of the Problem, Scope and Objectives, Research Questions, Methodology and the study limitations. Second Chapter covers the literature survey and theoretical framework which were conducted to explain the theoretical and practical aspects behind the performance management system. Chapter three discusses the existing structure of the performance management in the public sector institutions of Sri Lanka. Chapter four explains the implementation of the performance management system (PMS) in the Regional Directorate of Health Services–Badulla. The data analysis has been done

in the fifth chapter and the observations and finding of the study are concluded in the sixth chapter.

Chapter Two
Literature Review and Theoretical Framework

2.1. Introduction

The objective of the current chapter is to present the literature survey conducted for the study and to present the theoretical framework which was derived from the literature survey. The chapter will give a broader theoretical explanation on the concept of performance management system and its steps. In addition to the literature survey on the main dependent variable of this study—Performance Management System, the literature related to other study variables—institutional leadership, institutional capacity and administrative culture (considered as the independent variables) was also surveyed. The Chapter is divided into seven sections including the conclusion.

2.2. Defining Performance Management System (PMS)

The basic principles of performance management system (PMS) was developed through motivational and learning theories. Srinivas R. Kandula has described those theories in his book on *Performance Management Strategies, Interventions, Drivers* (2010). The core argument of these theories is that "the human beings can achieve competencies based on practices, experiences and the environment" (Kandula, 2010:31). Therefore, the performance managers have the responsibility to provide a better working environment which includes the system, resources, etc., to lead towards an excellent performance. Though the People have some inherited behaviors that affect the outcomes of the organization negatively, those can be changed by practicing good organizational patterns. For example, by establishing a competency-based performance management system, the capacities of the employees could be developed (Kandula, 2010).

Because of the influence of both motivational and learning theories (as described in Kandula, 2010) such as Maslow's Hierarchy of Needs (developed by Abraham Maslow), Herzberg's Hygiene-Motivator Factors (developed by Frederic Herzberg), Pavlov's Classical Conditioning (developed by Ivan Pavlov) and Social Learning Theory (developed by Julian Rotter), the Performance Management model has developed its

strategies to achieve the best in the implementation. According to Srinivas R. Kandula, when developing a performance management system; the practitioners have to integrate three dimensions such as (a) assessing the status of existing performance management system (b) mapping a desirable performance management system and (c) executing the performance management system based on strategies related to reward, career, team, culture, measurement, competency and leadership (Kandula: 2010:31). Thus, the modern public sector institutions attempt to follow these strategies to manage their institutional performances to go in line with institutional goals and objectives.

Bandaranayake has defined the performance management as "the development of individuals with competence and commitments, working towards the achievements of shared meaningful objectives within an organization that supports and encourage their achievements" (Bandaranayake: 2001: 01). The active participation of the members of an institute towards achieving the institutional goals depends upon various skills. Only having an organization with human and physical resources is not enough and there should be a process to manage all resources.

The Office of Personnel Management of State of Oklahoma provides another argument on PMS. Accordingly, the PM is a process which has to be established for the mutual understanding of "what" and "how" in the organization. In other words, what refers to the things that are planned to achieve and how refers to the ways that should be followed to achieve the targets of the institution. Also, it is an approach to manage the people to increase the good and services to the maximum status. The PMS consists of three major areas such as Planning, Coaching and Review (Office of Personnel Management, State of Oklahoma: 1999: 01). At the planning step; establishment of job accountabilities and performance measures and the creation of development plans can be seen. Informal coaching and periodic reviews on job accountabilities come under coaching. Review includes formal reviews on job accountabilities, behaviors, overall rating, final comments and the modifications of performance measures. The whole process including these three areas should be interlinked and function continuously to enhance the accountability of the institution.

Actually, most of the management experiences including the PMS have come from the private sector experiences. The traditional argument which differentiates the manager and

the management from an administrator and the administration saying the manager works in the private sector to maximize the profits efficiently to the firm whereas the administrator is to administer the governmental decisions towards the wellbeing of the society has now changed. The current role of the administrator has changed into managerial level due to various political, economic, social and global reasons. Administrator should also work efficiently to maximize the services up to the satisfaction of people. The literature shows the vital role of a performance management system in managing the public sector performances. Performance Management is a process which assists to provide the best services, products or programs at the lowest cost and it consists of seven major steps such as planning, measuring, monitoring, evaluating, reporting, rewarding and developing. For the understanding of the whole process in detail, its major steps are discussed below.

2.2.1. Planning

The first action of the Performance Management Process called Planning must consider the all achievable goals and objectives of the institution. There are goals and objectives in any organization and the people who work there is getting actions individually as well as collectively to achieve them. Goals include the vision and mission of the organization. Vision is a kind of a future oriented statement and it means what the organization seeks to be achieved. It consists of values and beliefs that are significant to the organization. Mission is a statement which concisely explains the organization operates for what, for whom, how, why etc. Objectives are not always similar to goals and they are more specific and tie up with the immediate future. The characteristics of the objectives are explained in the acronym "SMART" meaning Specific, Measurable, Attainable, Results-oriented and Time-limited (Friedrichsen: 2004:312).

2.2.2. Measuring

The Measuring process is carried out to keep in touch with what the organization does every day. It is defined as "the periodic measurement of progress toward explicit short and long-run objectives and the reporting of the results to decision makers in an attempt to improve program performance" (COOK et al: 1995:1304). Actually, it is concerned with input, output and outcome or efficiency of functions (Ibid). Performance Measures are also categorized as input, output and outcome. "Performance Measures are the indicators that quantify the outcomes or results and the efficiency of government

programs" (Funkhouser: 2004: 313). Thus, it is the main way to increase the public accountability. Different types of performance measures can be explained as follows.

I. **Inputs**: Refers to what we use as resources. It may be either physical or human resources or both, for example, reporting financial status and the number of staff involved.

II. **Outputs**: Refers to the amount of targets completed. The amount of the work load accomplished and these outputs can be compared with the inputs which were reported numerically (Funkhouser: 2004: 313).

III. **Outcomes**: Refers to the result of the work completed. Outcomes are broader than the Inputs. There may be intermediate outcomes of the project and the end outcomes. Outcomes are not always being reported as numerical values (Ibid.p.313).

IV. **Efficiency**: Refers to the ratios of outputs to inputs or outcomes to inputs. It is a measure of how economically the firm's resources are utilized when providing a given level of customer satisfaction (Neely, Gregory and Platts: 2005:1228). There may be a difference between Inputs to intermediate outcomes and Inputs to end outcomes.

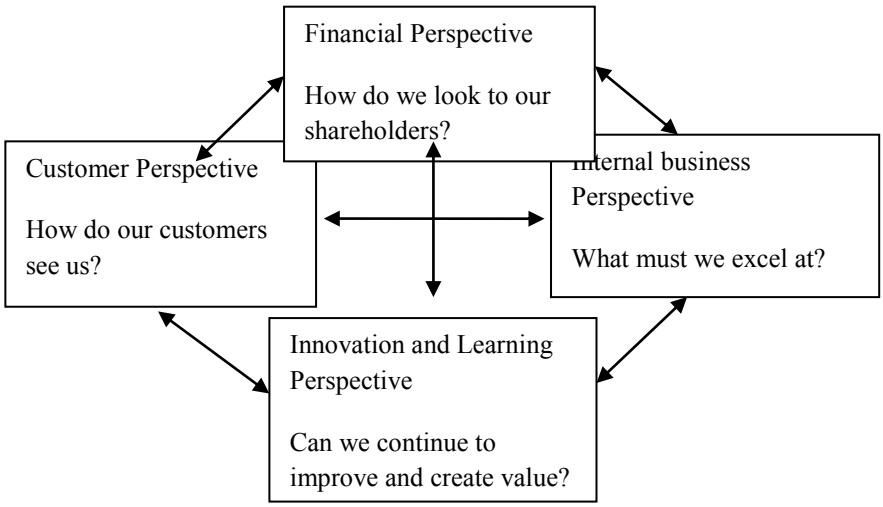
V. **Explanatory**: Refers to the way used to identify the reported performance measures descriptively. This is very significant to have content analysis on all performance measures above (Funkhouser: 2004:313).

Thus, multiple dimensions can be seen in manufacturing performance. However, those can be basically divided into four groups for the convenience of the measurement. They are quality, time, cost and flexibility (Neely, Gregory and Platts: 2005:1231). In other words, there are quality-based, time-based, cost-based and flexibility-based performance measures to measure the institutional performances. For each of these variables—quality, time, cost and flexibility; there are different dimensions that need to be taken into consideration in decision making (Ibid, p.1231). In designing the quality-based measures; conformance, reliability, technical durability, serviceability, humanity, value, etc. must be considered and in designing the time related performance measures; manufacturing time, rate of production introduction, due-date performance, frequency of delivery and delivery time should be concerned. Similarly, manufacturing cost, value added cost, selling price, service cost and running cost should be concerned in designing the cost related performance measures. Furthermore, the flexibility can be seen through the material

quality, output quality, new product deliverability, resources and the process-oriented changes (Ibid, p. 1231).

The performance measurement related literature shows variety of methods, individual frameworks and criteria as the performance measurement tools. For examples; Kaplan and Norton's Balanced Scorecard Approach (Neely, Gregory and Platts: 2005:1243) and Total Quality Management (TQM) (Boland and Silbergh:1996:352) can be named. These two approaches are often used in the private and public sector institutions in planning their performance measurement frameworks. Figure 2.1 presents different perspectives which are included in the Balanced Score Card Approach.

Figure 2.1: The Balanced Scorecard



(Source: Adapted from Neely, Gregory and Platts: 2005:1244).

The questions which were raised in relation to this approach would assist an organization to look into its performance through four main perspectives. By emphasizing the customer satisfaction, the approach brings the democratic values into the performances of an organization. On the other hand, receiving the views from customers will highlight the importance of measuring the quality of products and services of the organization. Furthermore, by ensuring and measuring the organizational performances through the financial indicators, the organization can maintain the accountability to the funding agencies and it will help to receive more monetary support from them. The other two perspectives of this approach may help to have a self-assessment on its internal work system, physical and human resource management, considering the demands of people on

its productions or services and introducing new productions, adopting the structural changes, time management, etc.

The next widely used performance measurement tool is Total Quality Management (TQM) which basically focuses on the quality of the manufacturing performance. The term "quality" has become increasingly used in relation to the public sector since 1980s. Quality is "conformance to requirement and fitness for use" (Boland and Silbergh:1996:356). According to Rooney and Pollitt, quality means (as cited in Boland and Silbergh: 1996: 356) the totality of features and characteristics of a service that bear on its ability to satisfy stated or implied needs. Introduction of a citizen charter, staff and consumer surveys, quality circles/groups, quality assurance can be taken as the TQM initiatives (Ibid, p.354). All the quality management initiatives and techniques can be categorized into four groups such as: (a) Audit; (b) Performance Information; (c) Quality Assurance related to a recognized accreditation award and (d) TQM with its associated activities of quality groups, focus groups, and customer groups and giving emphasis upon staff training for the customer care services (Ibid, p.354).

The TQM and the performance management system are two different concepts. It can be either implemented within a performance management system or as a separate quality management tool. In other words, it does not require a performance management system as a pre-requisite of its implementation. However, if the TQM does not strategically link with the organizational structure, process and budgetary activities, then the expected results will not be achieved. Therefore, if TQM can be introduced parallel to the Performance Management System of an organization; the success of TQM initiatives will be pragmatic.

2.2.3. Monitoring

Thus, the Performance Monitoring identifies the work progress by comparing the negative and positive performances. It provides guidelines and makes the necessary adjustments while being processed. Moreover, it is the time to manage and avoid the risk or indefinite situations.

2.2.4. Evaluating

Evaluation is an essential task to stimulate the organization to be aligned with its goals and objectives. There is a belief that organizations do not function well at all time. In other words, their performances are not productive at all time. Therefore, it is necessary to have a regular process to supervise the institutional activities. Most of the countries appear to have a national performance review process in this regard. All roles of employees in the organization will be evaluated individually and also there may be another performance appraisal program to evaluate the overall organizational performances. In case of presenting the overall performances, all employees and employers have to work together to show their best performances to the national level.

According to Lussier and Hendon (2012), there are three primary issues to assess such as traits, behaviors and results. The *trait appraisals* identify the physical or psychological characteristics of a person (Ibid, p.12). What the individuals do at work is measured in the *behavioral appraisals* (Ibid, p.13). By taking the results as an evaluation measure, *the results or outcomes appraisals* tries to assess the goals which are achieved by the organization in a particular time period (Ibid, p.14).The methods of performance appraisal can be tabled as follows.

Table 2.1: Methods of Performance Appraisal

	Methods	The way of functioning
i.	**Critical Incidents Method.**	The head of the institution keep the record regarding the negative and positive performances of employees throughout the performance period.
ii.	**Management by Objectives (MBO) Method.**	Employer and employees jointly set the targets periodically evaluate the performances and reward according to the results.
iii.	**Narrative Method or Form.**	It requires an employer to write a statement about the employee's performance.
iv.	**Graphic Rating Scale Form.**	This means a performance appraisal checklist on which an employer simply rates on a continuum such as excellent, good, average, fair and poor. The continuum often includes a numerical scale, for example, from 01 (lowest performance level) to 05 (highest performance level).
v.	**360° Evaluation.**	This used to analyze the individual's performance from all

> sides−from their supervisor's viewpoint, from their subordinates' viewpoint, from their customers' viewpoint (if applicable), from their peer's viewpoint and using their own self-evaluation.

(Source: Lussier and Hendon, 2010:16-26).

2.2.5. Reporting

In each year, all the government agencies and departments have to prepare and submit the final accounts on their performances to the respective authorities. In general; "the annual report is a final accounts document that extensively covers the accountability requirements of government agencies" (eds. Salminen and Viitala, 2006:73). It is a comprehensive report to cover all the prospects and shortcomings in detail. The precise and true information and data should be figured through it. Furthermore, the annual report includes the things such as the details on annual achievements and policy effectiveness, true figures on how well the budget has been implemented and the comparison of allocated budget and expenditure. It shows the current financial situation of the institution too (Ibid, p.73). Based on these data, the annual plan of the following year will be designed. If reporting is missing in the performance management process, it is not possible to analyze the costs and benefits of the programmes which are implemented by the public sector institutions for the provision of goods and services to the public.

2.2.6. Rewarding

The rewards can be achieved individually as well as collectively on behalf of the organizational performances. The rewards for the best individual performances can be mentioned as (a) giving recognition to performance; (b) organizing local or foreign tours; (c) giving a performance bonus; (d) granting promotions and (e) giving increments (Opatha: 2013: 63). Moreover, warning, censures, withholding increments and promotions, moving down to a lower position and dismissal or removal from work will be the actions against immoral performances. When it comes to the collective achievements of the organization, it will be advanced through the budgetary allocations, providing more human and physical resources to the organization. Furthermore, if it does not perform well, the offers will be deducted and the whole management system will be changed.

2.2.7. Developing

This step can be taken as the resolution period for the shortcomings of the organization. It takes time to identify the weaknesses of both individual and organizational performances and to recommend the solutions for the next year. If the existing system is better, then it can further be increased by developing new strategies and updating its present situation.

2.3. Performance Management and Productivity Management

Productivity related management concepts and techniques are very much familiar among most of the private and public sector institutions. At the same time they are confused in differentiating both performance management and the productivity management. Productivity isconventionally defined as the ratio of total outputs to total inputs (Neely, Gregory and Platts, 2005:1238). Productivity is a measure of how well resources are combined and used to accomplish desirable results (Ibid). Productivity can be taken as a performance measure to measure the organizational performances. It is widely used as a cost-based performance measure. When it comes to the productivity management it includes all the activities that are related to increase the higher level of manufacturing oriented and service oriented results. For instance, Ruch in 1982 (as mentioned in Neely, Gregory and Platts, 2005: 1239) has pointed out that higher productivity can be achieved through following ways;

i. Increasing the level of output faster than that of the input,
ii. Producing more output with the same level of input,
iii. Producing more output with a reduced level of input,
iv. Maintaining the level of output while reducing the input and
v. Decreasing the level of output but decreasing the level input more.

As discussed previously, the performance management is a complex process in which all the institutional activities link strategically towards achieving the organizational goals. All the human and physical resources and the process should be managed not only by focusing on the ratio of output to input but also by focusing on the development of the institution itself and the beneficiaries. By calculating the level of productivity only, it is impossible to assess the whole system of the performance management in an institution. Performance refers to “excellence, and includes profitability and productivity among

other non-cost factors, such as quality, speed, delivery and flexibility" (Pekuri, Haapasalo and Herrala, 2011:48). To be excellent in performance within the institution, all the economic and non-economic factors should be managed properly. Productivity management is also a part of the system of performance management and the productivity is considered as the prime focus of it.

2.4. Public Sector Performance Management

There are enough literature on defining the performance management system and how it practices in the private and public sector institutions in the developed world furthermore such literature shows how successful it is. When it comes to the developing world and especially in South Asia, there is no adequate literature on how it is practiced in the public sector organizations. Even in Sri Lanka, few research studies have been conducted to identify the factors which affect the effective performance appraisal system for public sector employees and to identify the challenges of the existing performance appraisal system yet they do not focus on the institutional aspect of the performance management.

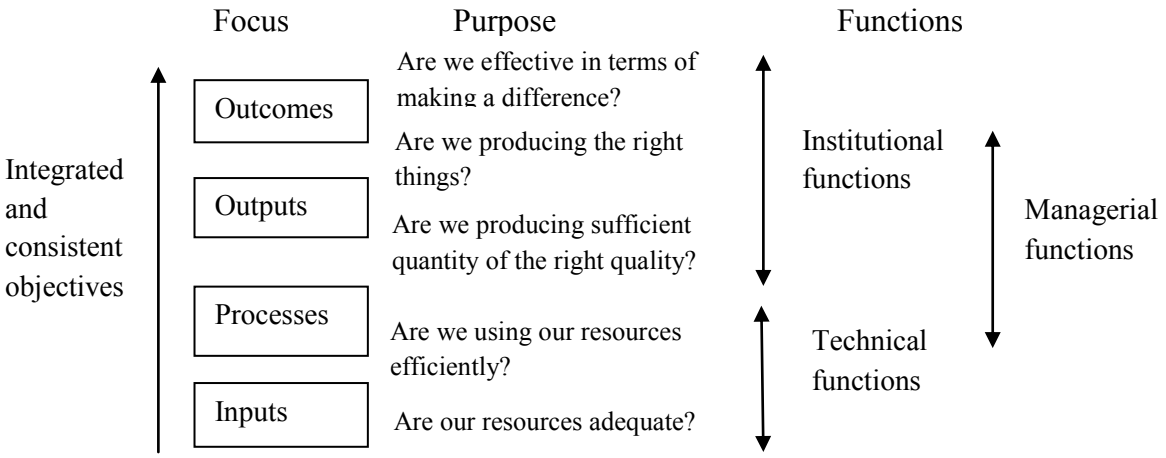
The literature shows various perspectives of the public sector performance management system. They can be named as system, institutional, vertical and horizontal approaches. Though performance management process is universal theoretically, there are differences when it is applied to public sector organizations. Defining performances in the public sector context is difficult due to the "absence of a singular performance metric such as profit and clear and stable priorities and objectives" (Dormer & Gill, 2009: 02) as in the private sector organizations. As Kanter and Summers (1994) more simply suggested, it is "the centrality of social values over financial values that complicates measurement for non-profit organizations" (Ibid).

According to Bruijn, Performance measurement "is a very powerful communication tool: it reduces the complex performance of a professional organization to its essence. It therefore makes it possible to detect poor performance, allowing an organization to be corrected if it performs poorly. If a professional organization performs well, performance measurement might play an important role in making this aspect transparent and in acquiring legitimacy" (Bruijn, 2007:04). Thus, effective public sector performance management should consist of moving to and fro between product and the process

approach (2003:304). Its focus can be on products as well as processes. The focus of product means that managing the organizational performances through outputs whereas in the process approach, those performances will be managed through output such as questioning the quality, the use of information and communication technology, etc. There are positive and perverse effects in both approaches and therefore it is better to have a balanced focus on both products and the process of a public sector organization (Ibid, p.307).

Dormer and Gill (2009) have developed an institutional framework for performance management as depicted below in figure 2.2. It represents the public services model of performance management in New Zealand.

Figure 2.2: A framework for Performance Management



(Source: Dormer & Gill, 2009:03).

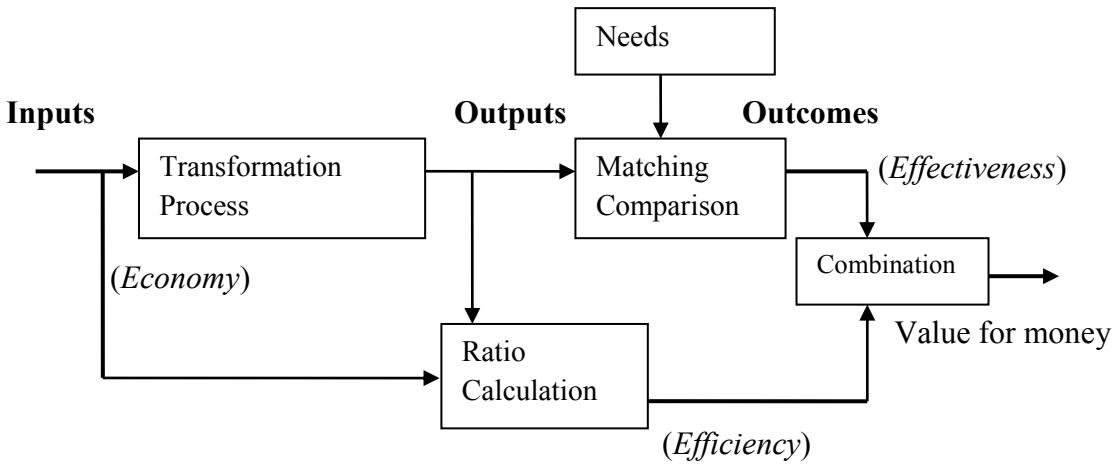
According to above figure, it is clear that there are three major functions related to performance management process in New Zealand public sector. Managerial functions are being done by operational managers who make policies and decisions in the government. The politicians are named as operational managers and they are responsible for designing the national performance management framework for public agencies. Technical functions are related to inputs and processes. It focuses on the efficiency of use of resources and the quality of the resulting products or services. The technical functions are often being done by the "street-level bureaucrats who operate in a world of vague policy goals and insufficient resources" (Dormer & Gill, 2009: 04). A key objective of

institutional functions is "legitimization of the organization's activities and thereby its ability to attract and maintain inputs such as funding and staff" (Ibid). Through these functions, the managers can recognize that organization is achieving its standards objectives and goals with evident facts.

In addition, Performance measurement in public sector organizations does not deal with "how to measure effectiveness and productivity but what to measure and how definitions and techniques are chosen and are linked to other aspects of an organization's structure, functioning, and environmental relations"(McKevitt et.al., 2000: 631). Therefore, institutional, managerial and technical functions can be taken as meaningful categories of performance measurements. Finding the indicators for performance measurement should be an integrated approach by covering the whole process of inputs, outputs and outcomes.

According to Boland and Fowler, a public sector organization has been examined as a system as depicted in figure 2.3 below. Public sector itself is a main system and sub systems can be seen within it. In considering the performance improvement of those systems, there are two important issues which need to be addressed such as (1) what is to be measured? and (2) how should the information arising from the measurement process be used? The answer for the first question can be explained through the three Es of economy, efficiency and effectiveness based upon a simple input, process and output model of organizations (Boland and Fowler, 2000: 419). Basically, those three Es should be measured and they are interrelated.

Figure 2.3: Relationships between alternative performance measures

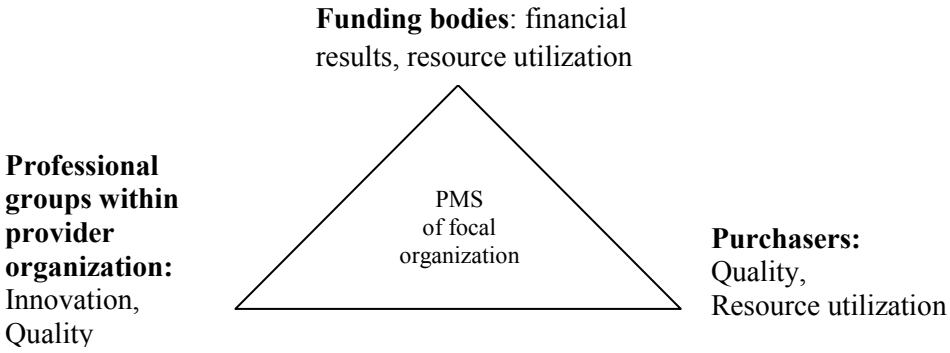


(Source: Boland and Fowler, 2000:426).

As shown in figure 2.3 above, economy means the various inputs such as physical, human and financial resources. In another words, it is often seen to be associated with the measurement and regulation of inputs (Ibid). Efficiency is the ratio of outputs to inputs. It can be maintained either by increasing the number of outputs, while keeping the same level of inputs or by maintaining the same number of outputs with reduced inputs. In conclusion, effectiveness means that to which extent outputs meet organizational needs and requirements (Ibid). According to this perspective, all the public sector organizations have set societal targets and the organizational process to achieve them is really complex. Therefore, there should be a systematically developed performance management process to go in line with the organizational mission, vision and goals.

A public sector institution has to deal with multiple stakeholders. The main interaction can be seen among funding bodies, professional groups and purchasers as shown in figure 2.4 below. To implement a successful performance measurement system, there should be a balanced and integrated approach which can really reflect the interests of different stakeholders (Brignall and Modell, 2000).

Figure 2.4: The Influence of Different Stakeholder Groups on the Performance Dimensions emphasized in the PMS of the Focal Organization



(Source: Brignall and Modell, 2000:291).

For the effective provision of public services, financial and non-financial resource management is a compulsory task. Funds or financial resources are often governed by political representatives. For the efficient and effective resource utilization and to enhance the quality of public services, there should be skilled and innovative professional groups. People as the purchasers expect high quality services from public sector institutions.

According to Brignall and Modell, performance measurement is a multi-dimensional approach and there should be different indicators to measure all the interactions of the stakeholders within the institution. Managing performances in the public sector organizations is more complex and difficult due to the organizational hierarchy and the political nature of decision making and implementation.

There are vertical and horizontal approaches (Goddard &Mannion, 2004) to manage performances. In the vertical aspect, superiors will decide the rules and targets to subordinates. The central agency will be getting priority regarding data definition, coding and reporting. It will examine and decide the best and worst organization according to performance measures. In other words, "this approach utilizes the public disclosure of performance data in the form of league table rankings and the 'naming and shaming' of underperformance organizations"(Goddard &Mannion, 2004:80). Horizontal aspects are associated with many participatory, flexible and modern techniques which really get the organizational attraction. Further, the differences between vertical and horizontal approaches are comprehensibly illustrated through table 2.2 below.

Table 2.2: The specific characteristics of vertical and horizontal approaches

Vertical	Horizontal
More focus on center and lack of consultation to design the performance management system.	Focus on ideas of customers, clients and staff. Fully developed processes for consultation and participation.
A national perspective and indicators confined to those areas amenable to quantification.	Emphasis on performance issues of local relevance and attempt to capture qualitative elements of performance.
The purpose is to use of information for external accountability and mediate relationships between different parts of the system, e.g., purchasers and providers.	Emphasis on use of performance data by organization itself to its own activities and to build more relationships with informal systems and channels.
Central priorities can be seen in data collection and data analysis.	Organization collect data for local purposes and in analysis focuses on continuous improvement across all organizations.
Analysis highlights the best performers (beacons) and worst performers (laggards).	Try to cover softer areas of performance not captured by quantitative indicators.
Focus on meeting needs of external stakeholders.	Focus on helping organizations to make sense of data and share best practices.
Incentives directed largely at extrinsic motivation and their main focus on institutional level.	Incentives directed at intrinsic motivation and their main focus on individuals whose behavior affect performance.

(Source: Goddard and Mannion, 2004:82).

According to what Goddard and Mannion have discovered in their research related to public sector performance management system in United Kingdom, the focus on either vertical or horizontal approach is not successful yet the use of both approaches is seen to be pragmatic and effective.

In a research conducted by Laegreid, Roness and Rubecksen in 2005, the experiences of the Norwegian Government Agencies on performance management was observed. Their prime objective was to investigate how the Norwegian system of performance management which is called The Management-By-Objectives-And-Results (MBOR) works practically in civil service organizations (Laegreid, Roness and Rubecksen, 2005: 02). The MBOR has adopted "a politically dominated goal-formulation process and a technical/administrative implementation process by giving considerable freedom for agency in question to select appropriate means" (Ibid, p.04). The basic components of MBOR can be mentioned as follows.

I. The leadership must formulate clear goals and targets and give subordinate bodies more leeway and discretion in their works. In other words, the objectives should be precise, concrete, specific and hierarchically structured with primary and secondary objectives followed by performance indicators (Ibid, p.04).
II. Subordinate agencies must have a well-developed system of performance indicators to report on results. High attention must give to performance measurement through quantitative indicators for monitoring results and to measure efficiency in line with goal achievements (Ibid, p.04).
III. Executives must use the reported results to reward for right doing of performance and punish for wrongdoing (Ibid, p.04).

The MBOR is based on contractual arrangements which will give more access to resources for the successful implementation of agencies. Conversely, if the agencies do not create success, resources will be reduced by parent ministries.

A survey which was conducted by Wang and Berman (2001) in United States of America among over fifty thousand working population during late 1998 has revealed that performance management system is positively associated with the following improvement of a public sector institution.

i. It increases the professional competence and entrepreneurial activities,
ii. It encourages the decentralized management system,
iii. It steers the institutional process to go in line with the government mission and central management and
iv. It strengthens the external support from elected officials, citizens and other horizontal and vertical institutions (Wang and Berman, 2001). However, only by making the organizational environment towards more decentralized and entrepreneurial activities, it is impossible to expect a performance oriented culture.

Thus, a study related to Performance Management in Bangladesh (Ahsan et.al, 2009) has revealed that change management as a prerequisite for the introduction of performance management. Performance management "is not merely the appraisal of an individual's performance rather it is firmly linked with organizational objectives, incentives and individual development plans" (Ahsan et.al, 2009:220). Many of public sector performance related reforms have been unsuccessful due to the lack of a comprehensive approach which covers both individual and institutional perspectives. For example, at first the Sri Lankan public sector performance related reforms' efforts were also towards the individuals' performance appraisal system (Government of Sri Lanka, 1987:24) and they have been unsuccessful due to the inadequate focus towards the institutional vision, mission and objectives. The attention was only to manage the individuals' performances rather than paying attention to the management of overall institutional performances.

An article that was published by World Health Organization in 2001 has carried out an assessment on the performance management of human resources for health sector in South-East Asian countries and it was reported that Sri Lanka has moved towards result based management system in assessing the public sector performances (Bandaranayake, 2001:03). Accordingly, at the initial stage of implementation process of performance management system in Sri Lanka, the performance indicators which were imported from developed countries could not be applied in the same way and it is essential to understand the local management culture, apprehensions and sensitivities when such indicators are developed (Ibid). In other words, the development of a performance management process should be localized at first.

Furthermore, a research study conducted by Jayatunge (2006) by taking the ministry of Urban Development and Water Supply as a case study on the effectiveness of existing performance appraisal system in public sector of Sri Lanka revealed that the success of a performance appraisal system will depend on the culture and the climate of an organization rather than its size, nature of ownership and control. The culture of openness, trust, encouragement, feedback, counseling, participation, collaboration and commitment are the essential elements for the implementation of a performance appraisal system for the public sector officials (Jayatunge, 2006:50). Planning the methods for individuals' performance appraisals is not possible to change the traditional administrative culture.

Another study conducted by the World Bank and Institute for Health Policy in Sri Lanka using a Case Study approach has revealed that "without giving autonomy to individual hospitals and without changing civil service conditions of employment, Sri Lanka's government hospital system has been effective in achieving high efficiency and in generating continuous efficiency gains" (Rannan-Eliya and Sikurajapathy, 2009:31). In addition, in the same research, it has been empirically proven that the effective performances of Sri Lankan health personnel are not because of the performance-related financial incentives but because of the non-financial incentives and organizational culture (Ibid). Nevertheless, at the same time one research study conducted by Opatha (2013: 62) related to employees in four State co-operations of Sri Lanka revealed that proper implementation of individual performance appraisal has failed due to institutional culture. Therefore, organizational culture can either be positively or negatively affected on the implementation of a performance management system.

The above discussed research findings on the public sector performance management show how the performance management system gives benefits to the public sector institutions. Managing public sector performances through a well-developed system enhances the effective functioning of a public sector institution. However, the establishment of a performance management system will depend on the factors such as the role of institutional leadership, institutional capacity and the administrative culture. This study has attempted to analyze the extent to which the institutional leadership, institutional capacity and the administrative culture influence on the implementation of a

performance management system by giving special reference to the Regional Directorate of Health Services-*Badulla*, Sri Lanka.

2.5. Define the concepts: Institutional Leadership, Institutional Capacity and Administrative Culture

This study was directed by three independent variables such as institutional leadership, institutional capacity and administrative culture as shown in the figure 1.1. For a better understanding of the study, the attention will be paid to define them theoretically.

2.5.1. Institutional Leadership

Leadership can be defined as "the ability to influence people toward the attainment of goals" (Daft and Marcic, 2004:412).It means that a person who has to be a leader of an organization or a group of people might have some special qualities to manage the behavior of the others or to get the attention of his or her decisions. Is leadership different from the management or manager? When the qualities such as soul, visionary, creative, courageous, imaginative, experimental, personal power, etc. can be seen from a leader, the qualities like mind, rational, consulting, tough-minded, analytical, authoritative, problem solving, position power, etc. can see from a manager (Daft and Marcic, 2004:413). A manager should often take the qualities of both a manager and a leader in the working place.

An institutional leader or a manager must have the ability to influence, punish, reward or criticize the subordinate members. This ability, which is also known as the power comes from organization and from personal interests, goals and values. If the position power is strong enough, then the leader can be more task-oriented and manage the employees by ordering and criticizing their work as well as appreciating them. There are three kinds of position power which is used by managers to control their working environment. They are; legitimized power, coercive power and reward power. The traditionally given power for the position from the organization is called legitimized power. Managers sometimes have the right to hire and fire employees and in this case the use of coercive power can be seen. For the motivation, satisfaction and to encourage the activities of the employees, the manager should have the power to increase the pay and other privileges, which is given by the organization and it is known as reward power. Not only these position based

abilities, but also a manager or a leader may have the personal abilities or power based on the personal skills, knowledge and experiences. Managers use these personal qualities to maintain the positive leader-member relations. For example; a human friendly working environment exists when a manager uses his/her personal characteristics with the entitled things related to the given position. The way of addressing the employees and encouraging them towards team work using the informal methods might offer higher results for the firm.

2.5.2. Institutional Capacity

Institutional capacity can be defined as the ability to perform the given tasks without any service or production delay and by ensuring the quality of the products and services. To perform the given role well, an organization may need the human and physical resources. Human resource management refers to "the design and application of formal systems in an organization to ensure the effective and efficient use of human talents to accomplish organizational goals" (Daft and Marcic, 2004:306). Since all the organizational activities depend upon the human resource or the workforce of the organization, each and every activity of employees should be logically linked with other non-human factors such as physical resources, structure and the process towards achieving the organizational goals. In doing so there are basically three things that need to be considered (Ibid, p.307). First, the organizational management should think of how to attract an effective workforce to the organization. The organizational other resources will be more useful when it is combined with the skills, knowledge, experiences and creativity of the employees. Without having a skillful workforce in the firm and because the number of workforce is higher, it cannot say that the organization is rich with the human resource and that it is functioning effectively. Secondly, the organization should have a machinery to develop the workforce through proper training programmes and a performance appraisal system and also an effective workforce should be maintained without having vacuums related to payments, compensation, employee satisfaction etc.

The other important requirements for the development of institutional capacity are financial, technical and other physical resources. Most of the private and public sector organizations at times become unsuccessful due to the lack of a process or a system in which the whole human, physical resources manage to achieve the organizational targets.

An organization has its regular activities such as setting annual targets, implementation, monitoring, reviewing and reporting the progress. All these activities should be interlinked. The skill development and the knowledge of the workforce should be compatible with those activities.

2.5.3. Organizational Culture

In the literature review many definitions for the concept of culture was presented. Culture is a collective phenomenon which is shared with the people in the same social environment, learned from each other and consisting of unwritten rules. It can be further explained as a collective programming of the mind and it shows the difference among members from one group to another (Hofstede et al, 2010:06). Thus, according to Hofstege, culture helps to determine the identity of human groups in the same way as personality determines the identity of an individual.

A culture is identified as "a unique system for perceiving and organizing material phenomena, things, events, behavior and emotions" (Pietro and Virgilio, 2013:911). It is a system of shared cognitions or a system of knowledge and beliefs. Culture is normally used as social or normative glue that holds an organization together (Ibid, p, 911).

The culture can be described "as the shared assumptions, beliefs, values, norms, actions as well as artifacts and language patterns. It is an acquired body of knowledge about how to behave and shared meanings and symbols which facilitate everyone's interpretation and understanding of how to act within an organization" (DILEEP, 2006:23). This author has further discussed the Edgar Schein's interpretation on culture as "a pattern of basic assumptions invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems" (Ibid, p, 24).

According to those definitions, it is clear that there are similarities in those interpretations. In general, culture means what the people believe and appreciate on their living patterns, functioning institutions as well as behaviors. All those living patterns and

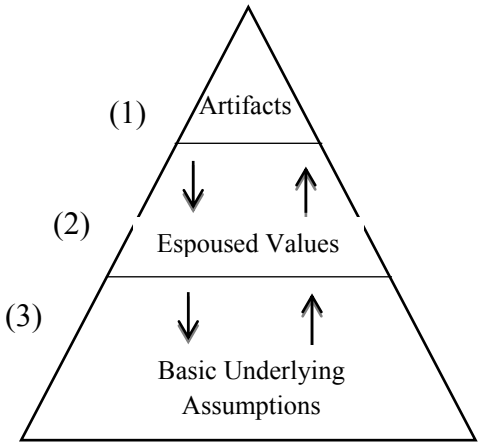
behaviors of people and institutions may change time to time, generation to generation according to the changing patterns of the communication strategies and technologies.

Organizational culture "is a collection of given values and patterns which helps the members of organization to understand acceptable and unacceptable actions" (Ghorbani & Razavi, 2011:712). It is a system of common values which can be estimated and people describe similar organization culture even with different backgrounds at different levels within the organization (Shahzad et al., 2012:977). According to Shahzad, there are for types of organizational cultures such as counter culture, sub culture, strong culture and weak culture. Counter culture means that there are shared values and beliefs that are directly opposite to the broader organizational culture. Sub cultures are created due to various reasons which are coming from geographical, language, job roles and categories, institutional goals etc. and those are functioning in the same broader culture. In strong culture, the same values and beliefs are represented by the majority in an organization. For instance, if the majority of employees are having same values and beliefs that are relevant to the organization, it is easy to force to the management on behalf of their demands and also the management is thinking of the importance of the employees for the development of the organization. The opposition of the strong culture is weak culture. In that case, employees' force on the management is weak and also, the management is taking actions to make different kinds of diversities within the same organization.

For Edgar Schein who has developed many literature on the organizational culture mentions culture as the personality of an organization (DILEEP, 2006:25) and people can infer a lot about it by observing the basic philosophy, values that underlie organizational norms that guide behavior, the status accorded to certain individuals, formal and informal rules that have developed for getting a task done and a type of language used in the organization (DILEEP, 2006:25).

Also, Schein has explained the organizational culture as a hierarchical model with three levels as in figure 2.5 below.

Figure 2.5**: Hierarchical Model**



(Source: DILEEP, 2006:26).

1). Artifacts: the topmost and it consists of organizations' structural and process oriented things. This is most visible layer of culture of the organization. It includes architecture, technology, office, layouts, dress codes, written communications, advertisements, reception that visitors are welcomed and etc. (Ibid, p. 27). By seeing only this surface and its visible things, it is not possible to make decisions regarding the real behavior of the organization.

2). Espoused Values: this represents the strategies, goals and philosophies of the organization. The unconscious beliefs, thoughts, etc. will be shaped by these espoused values.

3). Basic Underlying Assumptions: this is the lowest level and it consists of unconscious, beliefs, thoughts and feelings (Ibid, p.25-26).

According to Hofstede (2010), there are four dimensions of organizational culture such as;

I. Power distance (there can be seen distant relationship between employees and management),
II. Individualism versus collectivism (in individualistic societies, cultural values are hidden and they are not giving much space to the social morale or emotions and in the collective societies, group values are so important and they are creating space for them in the work place too)

III. Uncertainty avoidance (in this case, people are willing to mitigate the uncertainty and ambiguity) and
IV. Masculinity versus Femininity (for instance, male dominance can be seen in the masculinity societies and male and female equal access can be seen in the femininity societies).

In an organization, there is a well-organized system of activities towards achieving certain targets. The functioning pattern of an organization should have a legal recognition and everyone must behave according to the recognized rules and regulations. When people practice the same pattern for a long period of time, the organizational culture and its components will also be created according to those practices. It takes time for the changes of those practices.

2.5.3.1. Administrative Culture

The things discussed under organizational culture are common to the administrative environment. The organization may belong to either public or private sector. The public sector itself can be considered as an organization of a country. Administrative culture denotes the beliefs, thinking as well as behaving pattern of persons involved in managing the administration of a country—the modal pattern of values, beliefs, attitudes and predispositions that characterize and identify any given administrative system (Dwivedi, N.D., 20). David Rosenbloom identified administrative culture (as cited in Lam, 1994: 170) as the set of shared values and common structures and processes found in the bureaucracy. The administrative culture is complex since it expands over a state apparatus and therefore, it is larger than any other single organization. The above mentioned dimensions of Hofstede are very much pragmatic to study the administrative culture. Administrative culture is also subjected to change. As mentioned by Guy Peters, administrators have to respond to both the society and to the administrative organization which constitute of the administrative culture (Lam, 1994:170). Many research studies have identified that corruption, lack of transparency and professionalism as a symptom of malaise prevailing in the administrative culture (Dwivedi, N.D, 23).

Though the organizational theorists and human relations theorists have conducted researches to find out the factors which affect the organizational performances, they have been criticized by the cultural theorists due their poor attention on the cultural effects on

the functions of an institution and their considerations on organizations which run rationally (Lewis, 2001:121). According to cultural theorists, people do not work solely for money and their behavior is not rational at all the time. There are hidden and indefinable things which motivate people and cause them to act as they do (Ibid). Without understanding the culture which the people behave and the ways of changing the traditional cultural factors, it is useless to introduce the structural and process oriented reforms.

After 1980s, the reform efforts for the organizational changes have been implemented through the cultural changes. Vijay Sathe in 1983 (Lewis, 2001) provides following guides for managers who wish to change their organizational culture.

i. *Start by changing people's behavior and remove external justification for the new behavior,*
ii. *Intervene the things that enhance the cultural communications and try to get people to adopt the new beliefs and values,*
iii. *Intervene in the hiring and socialization of members. Hire people who can fit with the desired culture and teach them the rules, norms and expectations of the organization.*
iv. *Remove any deviant behaviors from the organization since they can affect negatively for the new changes (Lewis, 2001:126).*

It is identified that the organizational culture can change through the management strategies which were created by adding cultural values of the administrative environment. As a result, many management techniques and strategies have come into discussion. For instance; managing institutional performances through the collective participation of institutional members; building the customer-driven working environment; total quality management; communication; empowerment of employees and active leadership and capacity development through organizational learning (Lewis, 2001).

2.6. Conclusion

The performance management system was initially popular among the private sector institutions. However, especially after 1980s, public sector institutions have also made significant improvement through the concept of performance management. The literature points out to what extent the implementation of a performance management system has been challenged due to the various institutional and culture related factors—especially in the public sector of many developing countries. Most of the research studies covered in the literature survey revealed that implementation of a performance management system have been problematic due to the inadequate commitment of the institutional leadership and scarcity of resources and the resistances from the administrative culture. However, there are no adequate studies to find out how this has taken place. The current study selected this issue as its central objective by using several independent variables inherent to any organizational set up.

Chapter Three

Public Sector Performance Management: The Sri Lankan Experiences

3.1. Introduction

The prime objective of the present chapter is to discuss the officially accepted system of public sector performance management in Sri Lanka, widely known as Managing for Development Results (MfDR). The MfDR and its institutionalizing process will be discussed in detail. As a prelude to this discussion, it will briefly survey the historical background of the practice of performance management in Sri Lanka.

3.2. History of Public Sector Performance Management in Sri Lanka

The history of Sri Lankan administrative system can be divided into three phases, namely: (i) Pre-colonial period, (ii) Colonial period and (iii) after the colonial rule or Post-Colonial period. The performance management becomes a requirement in the third phase. Although the modern civil service system was introduced to the country during the period of British colonial administration, the main functions of administration were restricted to the maintenance of law and order and the regular collection of government revenue while facilitating the competitive environment for the European investors who were heavily involved in the plantation industry.

The need of results-based public sector performance management became a necessity when the Donor Agencies requesting the introduction of reforms comes into the public sector administration to accommodate good practices of New Public Management in 1990s. It was argued that a strong relationship between performance-based management and the efficient and effective functioning of public sector organizations could be developed through those reforms. Though there were issues with regard to the applicability of the Western-born concepts in the developing world due to cultural disparities, the new managerial approach has some potential to replace traditional administration even in developing countries including Sri Lanka (Kumara and

Handapangoda: 2008: 79). Administrative reforms in Sri Lanka were at first towards the establishment of a performance management system.

The GOSL has tried to implement several reforms with the supports of the donor agencies such as United Nations Development Programme (UNDP), Asian Development Bank (ADB) and the World Bank (WB). Though the efforts of the reform have come to the system in the period of 1950s up to the late 1980s, due to its failure they are called "waves". As commented by McCourt interestingly, "all reform efforts have come in a series of waves … Unfortunately, like waves in the ocean they receded as fast as they came" (McCourt, N.D., 7). There were mainly three waves such as: (1st wave) the Administrative Reform Committee; (2nd wave) a cost-driven approach and (3rd wave) a hybrid Strategic Approach (McCourt, N.D.).

The government Administrative Reforms Committee (ARC) was established by the 1st wave and it was targeted to reduce the size of the civil service. The second wave aimed to change the normal pension process and tried to introduce the two years' salary and 90% of pension after the completion of 30 years' service (Ibid, p.08) and thus a Restructuring Management Unit was established in the Ministry of Project Planning and Implementation. In the third wave, again by establishing a New Administrative Reform Unit in the Office of the President, it tried to introduce some managerial practices to the ministries and to the departments and focus to introduce the performance appraisal system to evaluate the staff through an individualistic approach. Those reforms were basically focusing on the strategic policy formulation and policy coordination towards the achievement of effective policy outcomes. The adoption of a result-oriented philosophy as the guiding management principle and separating the government functions—policy making, service delivery and other regulatory activities, realignment of public sector responsibilities to go in line with the goals of the government, training the staff to be developed with more confidence on new changes and the redeployment of surplus staff by creating new opportunities were also being focused (Samaratunge and Bennington, 2002:95).

Though the discussion on the performance appraisal came through the third wave of the above reforms, the background was not suitable to implant it because at that time the bureaucracy was too much politicized and also there was no independent public service

commission. The administration was highly centralized and the political will was not there. The reforms came because of the donor's desire and when the reforms were affecting to the major conflicts in the country, they went by saying that "we threw it back to the government" (McCourt, N.D.,08).

The Administrative Reform Committee appointed by the government in 1987 (Administrative Reforms Committee (ARC), 1987) has identified the following pre-requisites for the successful implementation of the performance appraisal system and they were suggested by the committee itself for the effective management of the personnel system of the public sector of Sri Lanka.

a) Organizational objectives, targets and priorities should be clearly defined,
b) Individual employees' roles and responsibilities should define within the organizational objectives,
c) Participatory approach should be followed in setting the above mentioned objectives, roles and responsibilities,
d) There should have an effective manpower planning and a reward system,
e) The selection, placement policies and procedures including the training activities should be linked to a system of career planning (ARC, 1987:24).

The implementation of above suggestions were not functioning as expected by the Administrative Reform Committee and further there cannot be seen a performance based pay system or reward for the public sector officials (Ibid).

3.3. Managing for Development Results (MfDR)

Even though, at the start, the designing and the implementation process of MfDR as a "Whole-of-Government Approach" (MPI, 2008: 07) was taken up by the DFABM, MPI and MOFP, later on, the ministerial level responsibilities were given to each ministry. For example, the Ministry of Health should get the priority to design their responsibilities while considering the National Health Plan to go in line with the national developmental goals of the country. As signatory to the Paris Declaration of 2005, Sri Lanka had to develop this MfDR process as a system to manage public sector performances. As discussed in the literature review, there are similarities of this MfDR model to the New Zealand System of public sector performance management (Dormer & Gill, 2009:03).

However, by practice, those conceptual similarities cannot be seen in the same way in both countries.

As mentioned by DFABM (2011); when a public sector institution begins to manage its performances following the MfDR concept, its most important attention should be given to the following elements.

i. *Identifying the institutional common vision and the norms (ethos),*
ii. *Realistic results and the simplicity,*
iii. *Ownership and Partnership,*
iv. *Capacity building,*
v. *Reform of budget processes and financial management,*
vi. *Devolution of authority to organizational units,*
vii. *Learning and decision making (DFABM, 2011: 08).*

Without identifying the institutional environment—institutional culture and climate, the performance plans will be unsuccessful. The expected goals should be achievable and results-oriented. All the stages of the MfDR process should be followed by a participatory approach. Once after gaining the responsibilities, the ministries are the leaders and owners and each can take decisions and make adjustments in relation to their ministerial level functions. Giving ownership means that the DFABM will not further force to implement the system which was designed by it. Similarly, the ministries should let the other subordinate institutions to feel that they are the owners and leaders of decision making and implementation of MfDR in their business domain. However, when it comes to the monitoring mechanism of the MfDR, the ministry itself should get the priority to report the final progress to the DFABM. The institutional level monitoring activities should follow the horizontal and vertical approaches, i.e. supports can be obtained from horizontal and vertical institutions (Secretariat of the Asia-Pacific Community, 2009).

According to the hierarchical relationship of the public sector institutions, the higher level institutions have the responsibility to supervise and monitor the progress of the activities of their subordinate agencies. This vertical method can be used to monitor the MfDR activities of an institution. On the other hand, the horizontal links can be made with the Department of the Auditor General, Department of Census and Statistics and the National Budget Department. Those institutions may help not only to monitor the activities but

also to work as the change agents (MPI, 2008). The way of building partnerships, monitoring mechanisms and the importance of identifying the ecological and administrative culture related factors was emphasized in cascading the MfDR downwards the public sector institutions. The MfDR as a whole-of-Government approach is a system to manage inputs to outputs and outcomes of the public sector institutions. In that process, it has to ensure the client satisfaction, due processes and procedures, efficiency, economy and effectiveness (MPI, 2008:07). Thus, the MfDR has institutionalized through the top down approach and without doing any structural changes to the administrative system. After cascading the institutionalization process downwards to the provincial and other institutions, it has emphasized the importance of bottom up approach for the continuation of its basic elements effectively.

3.3.1. Institutionalization Process of MfDR

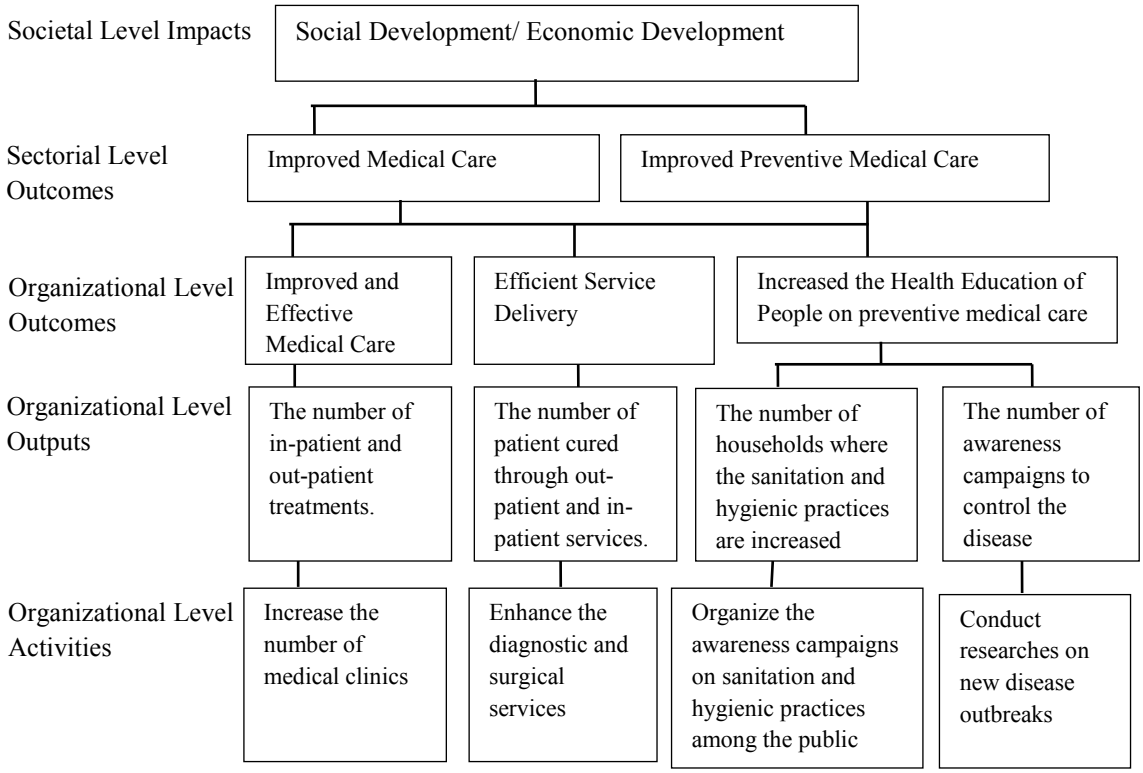
As mentioned in the first chapter, basically there are ten steps of institutionalization of MfDR in the public sector of Sri Lanka. The DFABM has given the technical support for the institutionalization process. In the first step, the selection of a ministry can be seen. The demand and the interest for the institutionalization of MfDR should come from the ministry itself. The DFABM has identified that the commitment of the institutional leadership may have a potential role for the changes of the institutional capacity and therefore, at the beginning, getting the ministerial level approval was given first priority (DFABM, 2011:10). Secondly, the establishment of a steering committee to the ministry was needed and it includes the members from the senior management of the ministry and MPI and DFABM members. They will steer the MfDR process and act as change agents. They have the main responsibilities to overcome the challenges which come against managing the public sector performances. Until the development of institutional leaders as the change agents, the DFABM and MPI members may attach to the ministries in directing the MfDR activities. Thirdly, identification of the business domain of the selected ministry can be seen. Most of the performance management approaches for the public sector have failed due to the inadequate attention on this step. If the ministries are confused with its scope, then there is nothing with the goals/ objectives/ targets setting. If the ministry fails in this stage, then the whole cascading process of goals/ objectives/targets will be unsuccessful. Without having a proper awareness on the domain of its activities, it is difficult to establish the performance measures as well as a process to

link inputs to outputs and outcomes. The first responsibility of the steering committee is to identify the business domain of the institution.

The forth step is to set or revisit the institutional vision and mission statements. Public sector institutions may sometimes have those statements but they may have no strategically link up with the institutional goals and objectives. The MfDR system has identified the strategic vision as "a road map of an organization's future and its long term direction" (DFABM, 2011: 13). Furthermore the mission statement would help to question the objectives of the institute using "how" and "why" (Ibid). How does the institute achieve the set objectives? Why should the objectives be achieved? Questioning in that way, the institution should identify the key developmental areas—thrust areas. If there are no thrusts areas in which the institutional performances are defined and directed, there is nothing to be measured. Therefore, thrust area development is the fifth step of the institutionalization of MfDR.

If the institutional thrust areas are clear, then, for each of the thrust area, the expected outputs and outcomes can be designed. There is a logical linkage of results from institution to national or societal level. The following logic model diagram shows how the expected results and institutional activities are interlinked. The given logic model represents the activities of an institution in health sector. It can either be a hospital or a medical administrative institution. An institution may have at least one thrust area or more than one. Similarly, this institution which is supposed to be a hospital may have few thrust areas to improve. The following logic model (figure 3.1) depicts two of them—medical care improvement and preventive medical care improvement. It is not possible to develop this logic model, if the institution does not follow the previous steps of MfDR.

Figure 3.1: Logic Model Diagram for a hospital



(Source: DFABM, 2011: 20, 35).

The MfDR is well-focused to deliver interventions towards achieving Millennium Development Goals (MDGs). After localizing the MDGs into the National Development Strategy and into the sector plans, the cascading process of those national and sector policies into the institutional level plans can be seen. To achieve the societal level goals or the broader national level results, all national policies, programmes and projects should be divided into sector plans, i.e. health, education, agriculture, highways, etc. The national level progress or the development can be seen through sector developments. Unless the sector level developmental goals and plans are converted into institutional level plans and targets, the success of those projects, programmes cannot be seen. Similarly, in order to achieve institutional plans, it is necessary to cascade them into unit plans and thereby identifying the activities for each plan and to implement relevant activities. All institutional performances, physical and human resources should be managed by focusing on the activities and they can be named as institutional inputs. The institutional level outputs and outcomes can be achieved only by managing those inputs by well-sequencing the institutional resources and the process towards mission and

vision. When a public sector institution manages its performances in this way, occasionally, there may be problems due to the inability to separate their roles from one another. The above logic model strategically helps to link those activities. Two interdepartmental functions can be logically linked by overcoming the overlapping of activities. The logic model has helped in this way to manage the development activities of the public sector. This model can show the logical linkage of all the activities from the lowest level to the highest level. Public sector performance management is a myth, if the institutions fail to identify this logic model.

Parallel to this logic model concept, the development of a Logframe for monitoring the progress of MfDR process can be seen. The DFABM has given the following Logframe format for monitoring the institutional activities.

Table 3.1: Logframe for monitoring and evaluation

Design Summary	**Performance Targets/ Indicators**	**Data sources/ Reporting Mechanism**	**Assumptions/ Risks**
Societal Level Impacts			
Sectorial Level Outcomes			
Organizational Level Outcomes			
Organizational Level Outputs			
Activities			**Inputs**

(Source: DFABM, 2011:32).

In the 6th step, the DFABM has paid attention to identify the key results of each of thrust area. The key result areas refer to the areas which should be developed or improved by an institution. After having a clear idea about the expected result areas, the outputs and outcomes can be assessed. The following table will show the development of key result areas and the relationship of them with the trust areas, outputs and outcomes. At the beginning, the DFABM has directly given support for the creation of thrust areas and result areas to the ministries such as health, education, agriculture and highways. The National Water Supply and Drainage Board has also been assisted by the DFABM to create its key result areas for the thrust areas of water supply, sewerage facilities and sanitation, public health education and water resource conservation and protection (DFABM, 2011: 35). The table 3.2 illustrates the key result areas for two of them.

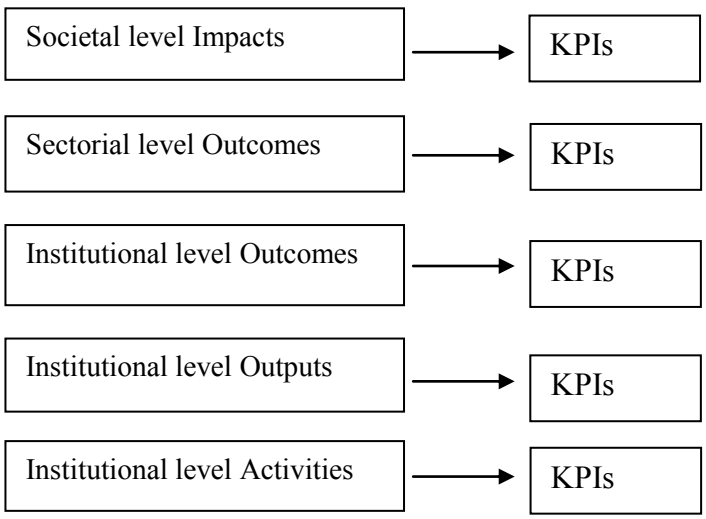
Table 3.2: Identifying the key results areas

Institution	Thrust Areas	Key Results Areas	Outputs	Outcomes
National Water Supply and Drainage Board	Water supply.	Investigation, Planning, designing and Construction of water supply schemes.	Increased supply of clean / safe drinking water	Increased use of safe drinking water.
		Operation and maintenance of water supply schemes.	Increased public knowledge and awareness of use of clean and safe water.	
		Awareness on use of safe drinking water.		
	Sewerage facilities and sanitation.	Investigation, Planning, designing and Construction of water supply schemes.	Improved waste water disposal.	Improved quality of raw water/surface water.
		Operation and maintenance of sewerage facilities.	Increased public knowledge and awareness on the need of waste water disposal.	
		Awareness on sanitation.		

(Source: Adopted from DFABM, 2011: 35).

After setting the institutional level outcomes and outputs, the next step is to create the Agency Results Framework (ARF), Key Performance Indicators (KPIs) and the targets. An institution may have few outcomes but a number of outputs. For each of the outcomes and outputs, there should be a separate result framework. When it develops the KPIs or Performance measures, it is better to consider the results chain. If the KPIs are not relevant for each step of the results chain, it is impossible to measure the results by using those indicators. This relationship can be figured as follows.

Figure 3.2: Development of Key Performance Indicators for Results Levels



(Source: DFABM, 2011:41).

Furthermore, a development effort may have a time frame in which it displays the end of a project or a programme. The lifetime of a project or a programme is needed to set targets. The targets can be defined as a level of results that is assumed to achieve within a given period of a time. Most of the time, five year and ten year developmental programmes can be seen in the public sector of Sri Lanka. Parallel to the development of a project plan, the action plan should also be developed. In the action plan, the cascading process of overall targets (3 or 5 years) to the annual plans is presented and in setting annual targets, the institutions may have to consider the availability of baseline data too. The lack of baseline data and information at this stage may not hamper the MfDR implementation.

Following the above mentioned logic model (Figure 3.1), the agency results framework for two of its outcomes can be created as follows. In the same way, results frameworks for other institutional level outcomes and outputs should be designed.

Table 3.3: Agency Results Framework

No	Results	Key performance Indicators	Baseline Data 2008	Targets/Years					Lead Unit
				2009	2010	2011	2012	2013	
Sector level Outcomes									
1	Improved medical care	a). The number of in-patient treatments.	Not available						
		b). The number of out-patient treatments.							
2	Improved preventive medical care	a). The level of awareness on sanitation and hygienic practices among the public .							
		b). The number of new disease outbreaks.							

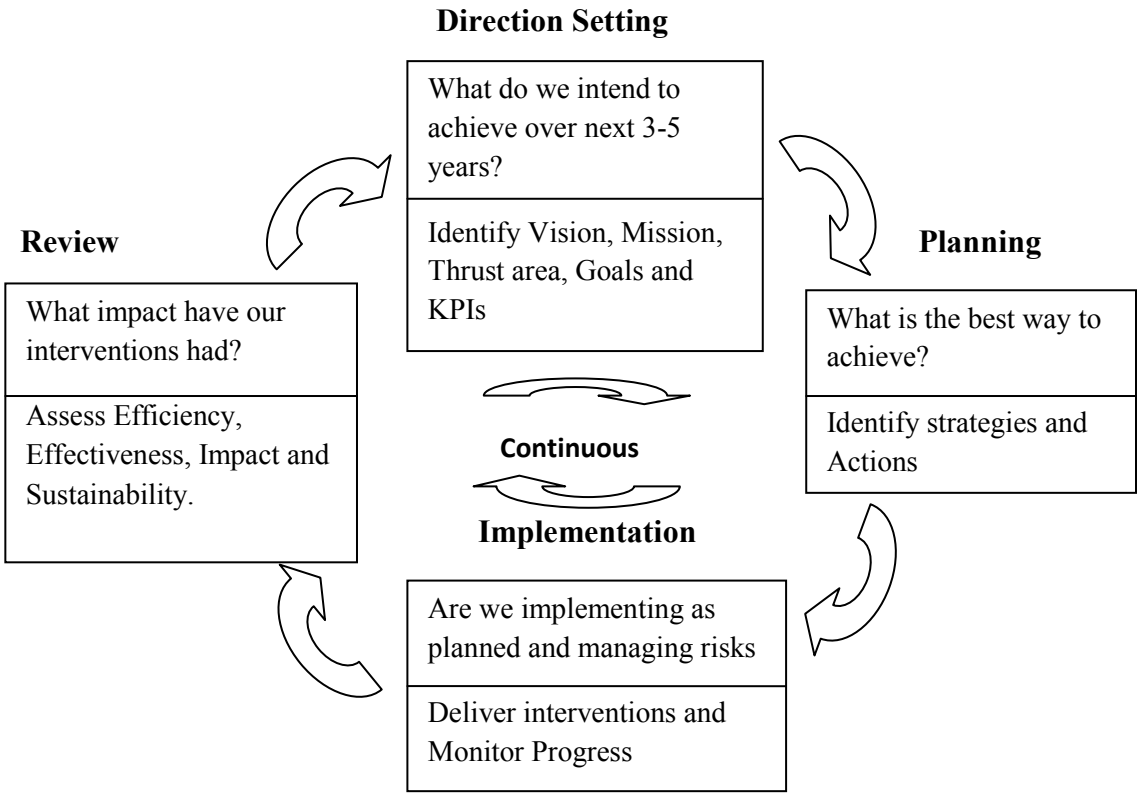
(Source: DFABM, 2011: 35, 38).

The 8th and 9th steps has emphasized the importance of giving awareness on vision, mission and all the activities related to the institutionalization process to the stakeholders. Stakeholders may be from the funding authorities, ministerial level representatives, politicians and the institutional senior management. When the process is cascading inside the institution to the units, the senior management has the responsibility to make the internal staff members aware of MfDR.

In conclusion, the success of whole MfDR institutionalization process will depend on the way performance monitoring and evaluation is carried out. According to DFABM (2001: 46), monitoring and evaluation are two different concepts. Monitoring is a regular process of data collection related to the inputs and how those are being used to achieve institutional outputs and outcomes. Monitoring will start from the planning stage of a task and will proceed until the end of the performance. Performance evaluation is a periodic assessment of the achievement of expected outcomes or results (DFABM, 2011: 46, 47). Monitoring process should be equivalent with MfDR institutionalization process. The Balanced scorecard approach has been recognized as the most effective way of monitoring and evaluation of MfDR.

After the institutionalization process of MfDR, each and every public sector institutions have a clear idea about the scope, vision, mission, strategic objectives, and the logical linkage of inputs to outputs and outcomes. The internal staff members are aware of the rationale behind their performances. Public sector performance management is difficult since the activities are interlinked with other institutions. However, the MfDR have developed a logic model as an alternative solution. After the establishment of MfDR, the public sector institutions have the responsibility to manage their performances following the MfDR cycle. They are the owners and leaders to change, adjust or improve the system with contemporary needs. Direction setting, Planning, Implementation and review are the main stages of MfDR cycle and it can be figured as follows.

Figure 3.3: **MfDR Cycle**



(Source: Adopted from Sivagnanasothy, N.D: 02).

3.3.2.1. Direction Setting

In this stage, the institutions have to revisit their vision and mission statements since the institutional functions are sometimes interchangeable and likely to have changes according to the demands of the people. Those changes can be recognized through the monitoring and evaluation processes. When an institution aims to deliver its products and services within a three year period then it should reset or revise its targets and assumptions. The institution has to revisit not only its overall performances, but also the performances of each division of the institution and the individual role.

3.3.2.2. Planning

At the planning stage, it is important to consider the best way of managing institutional performances towards the targets and achievements. It is necessary to have strategic plans and actions within this process. There, the financial activities, human resources and the

institutional process should be strategically managed. There should be a sound communication system to obtain information vertically and horizontally. It may be easier to develop institutional level strategic plans if the institution is well aware of the master plan of the ministry. The main responsibility of the senior management is to identify the logical linkage of the institutional activities with the sectorial and the national strategic plan. There is logic in each and every activity of a plan and its action plan too. That plan shows the ways of managing financial and human resources. The financial sources should be explained in detail and the way of filling the financial gap is also be included. If the institutional strategic plan has included the new activities as the contemporary needs of the people, the capacity of the human resources should be matched with them. The capacity development of the staff members may be carried out through trainings, motivation and sometimes the senior management may have to take decisions regarding hiring and firing the staff members to do right things at right time.

3.3.2.3. Implementation

The success comes through the implementation process of a plan. All the negative and positive things which were assessed at the planning stage may not be able to achieve in the same way as in the implementation level. The indefinite changes may especially occur and therefore there should be alternative plans to recover the failures of the implementation process. To identify the failures, the monitoring process is required. Information should be collected and reported to the senior management. All the financial managers and human resource managers should be aware of the day-to-day activities and the progress of them. Field officers have a vital role to play in data collection by monitoring the progress and reporting it to the senior management.

3.3.2.4. Review

The periodic assessments on the development programmes or the delivery of services come under this step. The review process will change according to the duration of the development intervention. Institutions may have progress meetings monthly but the reporting mechanism is done either quarterly or annually. Based on these data and information, the annual plan of the following year will be designed. Priority areas in the delivery of services and products, system failures and stakeholder responses will be

revealed through the review of activities. Moreover, at this stage, the overall performances of the institution will be compared with other institutions of the province. The main stakeholders of the MfDR process will be participated for the evaluation of final results. In conclusion, based on the final results, a result-based awarding system will be developed and it will enhance the institutional capacity. The Provincial level and Ministerial level annual performance reports will be enriched by the annual progress reports at the institutional level.

3.4. Conclusion

MfDR as a holistic process to steer the public sector organizations towards the achievement of set targets. Compared to the previous administrative reforms with the same donor supports, it can be considered one of the most successful processes. Though the discussion previously came from the performance appraisal system for the staff management, the implementation was not successful due to the inadequate attention on its prerequisites as mentioned in the Administrative Reform Committee in 1987. Even though, the committee has recognized those prerequisites as essential, the committee itself did not emphasize the significance of the institutional perspective of a performance management system. Institutional perspective of performance management system emphasizes the performance-oriented changes such as revisiting the institutional vision, mission, goals, objectives, targets, individual duties, laws and regulations, leadership role, culture and capacity of the institutional environment. There is nothing to measure in individuals, if they have been positioned with well-defined duties. The individual role should be logically linked up with the institutional objectives. Individual performance appraisal is a partial requirement of a comprehensive performance management system. If an institution is directed by the performance management system, then the institutional climate and culture will allow the performance appraisal of the individual. Nevertheless, the need of the public sector performance management was discussed through those administrative reform efforts in Sri Lanka; the practical implication made by them is less.

As discussed above, the MfDR was implemented by following the institutional perspective of the performance management system. The MfDR system and its basic elements have been discussed in detail in this chapter. The next chapter will pay its

attention to understand how the Regional Directorate of Health Services-*Badulla* is performing its duties by managing its performances under the MfDR concept.

Chapter Four:

Managing for Development Results: The Case of Regional Directorate of Health Services—Badulla District

4.1. Introduction

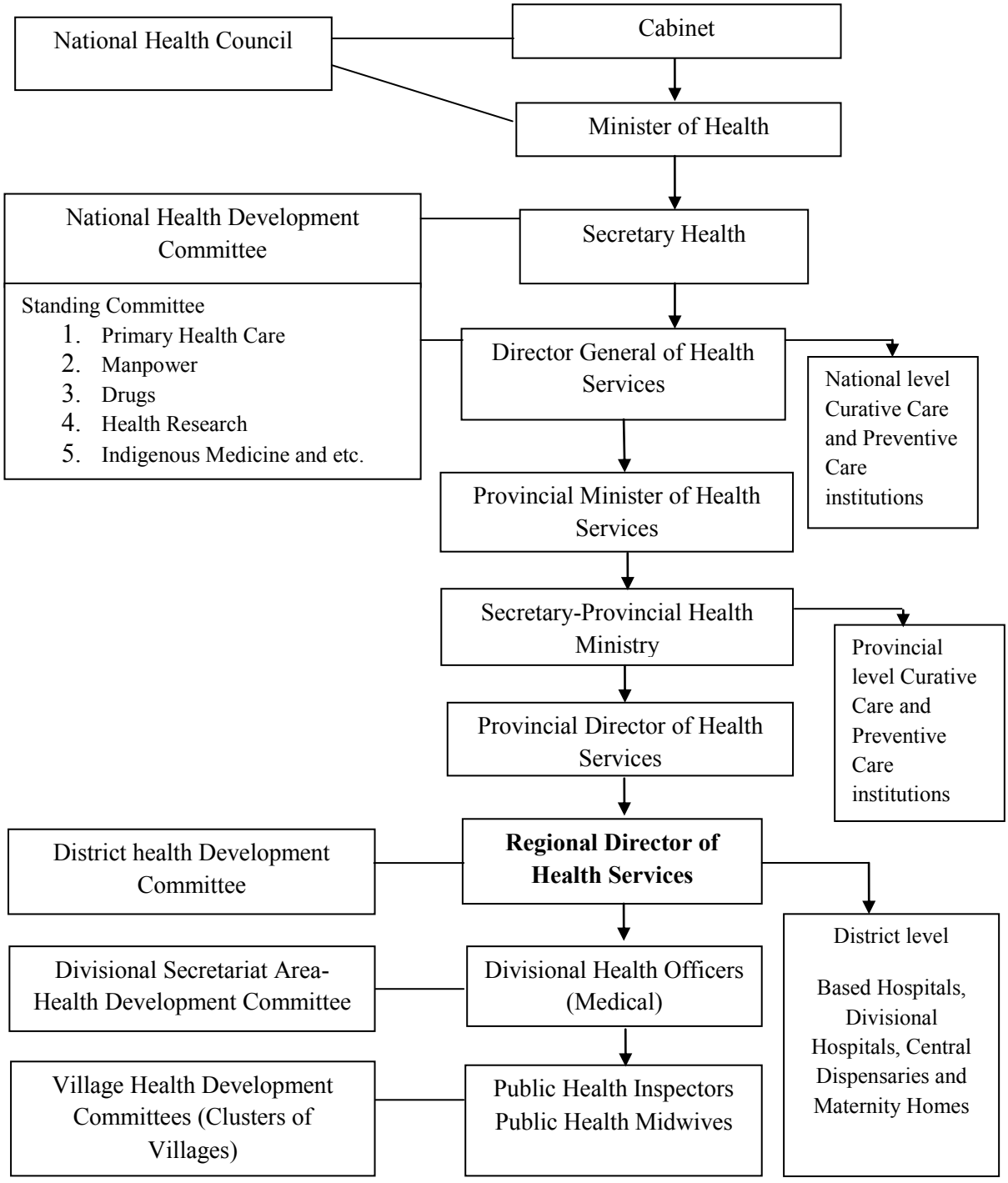
The present chapter is about how RDHS-*Badulla* has been managing the performances of workforce adopting the MfDR as the performance management system. The discussion begins with a brief introduction on the health service delivery mechanism of the country and the process of health decision making. The way of cascading the national policies into the regional level policies will also be discussed in detail since the successful implementation of the MfDR will depend on the linkage between national and regional policies. With an introduction on the role of RDHS and its institutional structure; the MfDR process; direction setting, planning, implementation, monitoring and reviewing will also explain. In addition, the leadership role and the institutional capacity of RDHS will be discussed as the two of main independent variables which can affect the implementation of MfDR.

4.2. Health Service Delivery System of the Country

Before the discussion on how MfDR is practiced in RDHS, it is necessary to identify the health delivery mechanism in National, Provincial and Local levels. The present health structure is a result of the Health Services Act of 1952 and the Provincial Council Act of 1988. The health services of GOSL functions under a Cabinet Minister assisted by a Deputy Minister. Officials from both Sri Lanka Administrative Services and Sri Lanka Medical Administrative Service support the Secretary Health in managing the health services at the national level (Ministry of Health, 2013:11). The Director General of Health Services receives immediate support from 17 Deputy Director Generals who are in-charge of special programme areas. There are a numbers of Directors under Deputy Director Generals, who are responsible for health programmes and organizations (Ibid).

With the enactment of Provincial Council Act in 1989, the health services have divided among the Line Ministry of Health at the National level and the Provincial Ministries of Health in the nine Provinces (Ministry of Health, 2013:11). The nine Provincial Departments are supported by 25 Regional Directorates of Health Services at the District level. At the Divisional Secretariat level, the Offices of the Medical Officer of Health (MOH) Services can be seen and those are the closer medical administration related institutions in which people are provided with most of the Preventive Care services under the supervision of Regional Directorate of Health Services. In addition to the MOH offices, the Regional Directorate has to be the leader of other curative care institutions such as Base Hospitals, Divisional Hospitals, etc. The current health development network from the national level to rural level can be figured as follows.

Figure: 4.1: Health Development Network



(Source: Fernando, 2002: 49; Uva Provincial Department of Health Services, 2011).

The national ministry of health is the main decision maker of the development of health sector. Development of policy guidelines, programme monitoring and technical oversight, purchasing and distributing activities of the resources, human resources training and recruitments are carried out by the national ministry for the national ministry itself and provinces (International Development Association, 2013). Based on the availability of beds and the OPD (Out-Patient Department) admissions of the hospitals, basically, there are three levels of curative care facilities such as primary care, secondary care and tertiary care. The Ministry of Health is responsible for the operation of tertiary and a few other selected hospitals from secondary level. The devolved provincial government has to be responsible for the primary and secondary levels of curative care and all other preventive care services (Dangalla, 2015; International Development Association, 2013:14).

4.3. Health Decision Making Process

According to section 05 of the Health Services Act No.12 of 1952, the first National Health Policy was published in 1992 and later it was replaced by the National health Policy of 1996 (Dangalla, 2015:34). The broad aim of the Health Policy is stated as follows;

> i. *Further increase life expectancy by reducing preventable deaths due to both communicable and non-communicable diseases,*
> ii. *Improve the quality of life by reducing preventable diseases, health problems and disability; and emphasizing the positive aspects of health through health promotion (Ministry of Health, Highways and Social Services, 1996:11).*

It is clearly mentioned in the National Health Policy that to achieve the above aims, the government can adopt new policies consolidating the earlier gains as well. Similarly, the current health policies and programmes of the GOSL are guided by the above aims and the National Policy and Strategic Framework for Development and Growth in Sri Lanka (2010-2016). The Health Master Plan (2007-2016) was prepared in 2007 where each health programme has been discussed in detail. Based on this analysis, a detailed five-year National Health Development Plan-2013-2017 (NHDP) was developed (Ministry of Health, 2014: 02; International Development Association, 2013:13).

To go in line with the Millennium Developmental Goals and the aims of the National Health Policy, the GOSL has identified 12 thrust areas. In order to achieve those, the ministry of health has identified five key developmental areas as below.

i. Strengthening individual, household and community actions for health,
ii. Improving health service delivery,
iii. Improving stewardship and management functions,
iv. Improving human resource management and
v. Improving health finance including resource allocation and utilization (Ministry of Health, 2013:12).

In achieving these key developmental targets, the line ministry has to create five-year development plan including the action plan. The annual targets for each thrust area in the development plan are clearly defined. The Second Health Sector Development Plan-2007-2016 (SHSDP) is being implemented at present with the financial supports from the World Bank. There are three thematic areas for the central, provincial and regional level health institutions to be achieved within a five-year duration. They are; Thematic Area-01-addressing maternal and child health and nutrition matters, Thematic Area-02-improving the prevention and control of non-communicable diseases (NCD) and Thematic Area-03-health systems improvement (International Development Association, 2013: 18-20). For all these thematic areas, there are key performance indicators to measure the progress.

The National Health Development Plan aims to strengthen the nutritional activities targeting the pregnant and lactating women and children up to two years of age in the underserved groups such as the estate communities and the urban poor under the thematic area 01(Ibid). It has targeted to empower the community organizations to plan, implement and monitor the relevant nutritional activities and to establish a nutrition surveillance system. The progress of thematic area 01 will be measured through the indicators of percentage of maternal and child health clinics with an agreed package of equipment and supplies for the provision of care for pregnant women and children under 5 years, percentage of MOH areas will be measured with at least three health and nutrition community support groups, percentage of pregnant women with anemia after the second trimester, etc. (International Development Association, 2013: 18-20).

According to thematic area 02, enhancing the NCD screening to identify the acute and chronic diseases affected people, development of communication strategies for the prevention of NCDs, increase the availability of the 24-hour functioning Emergency Treatment Units (ETUs) at all level of hospitals and it may increase drugs and other medical equipment to the hospitals and MOH offices (Ibid, p.19). The thematic are-02 will be measured through the indicators such as percentage of centrally and provincially managed health facilities with ETUs for the level of facility based on standard guidelines; percentage of MOH areas with at least two healthy lifestyle centers etc. (Ibid, p.19).

The thematic area-03 includes the improvement of quality of services through the health education and training the staff, improving the health information system, establishing the Quality Management Units (QMUs) in each centrally and provincially managed hospitals, giving attention to prevent communicable diseases such as Tuberculosis, Dengue, Rabies, HIV/AIDS etc. The thematic area-03 is measured through the percentages of level of communicable disease control, availability of QMUs, availability of physical resources and effectiveness of resource distribution and the efficiency of updating the health information system (Ibid, p. 20-21).

Following these thematic areas, the central and provincial level health administrative institutions have planned their annual health developmental activities. The Line Ministry itself has taken the priority in cascading the targets into different units and programmes within the Ministry, and when it comes to the provincial level, both provincial governments and the Line Ministry together have taken up the responsibilities to set regional level targets for regional health administrative institutions.

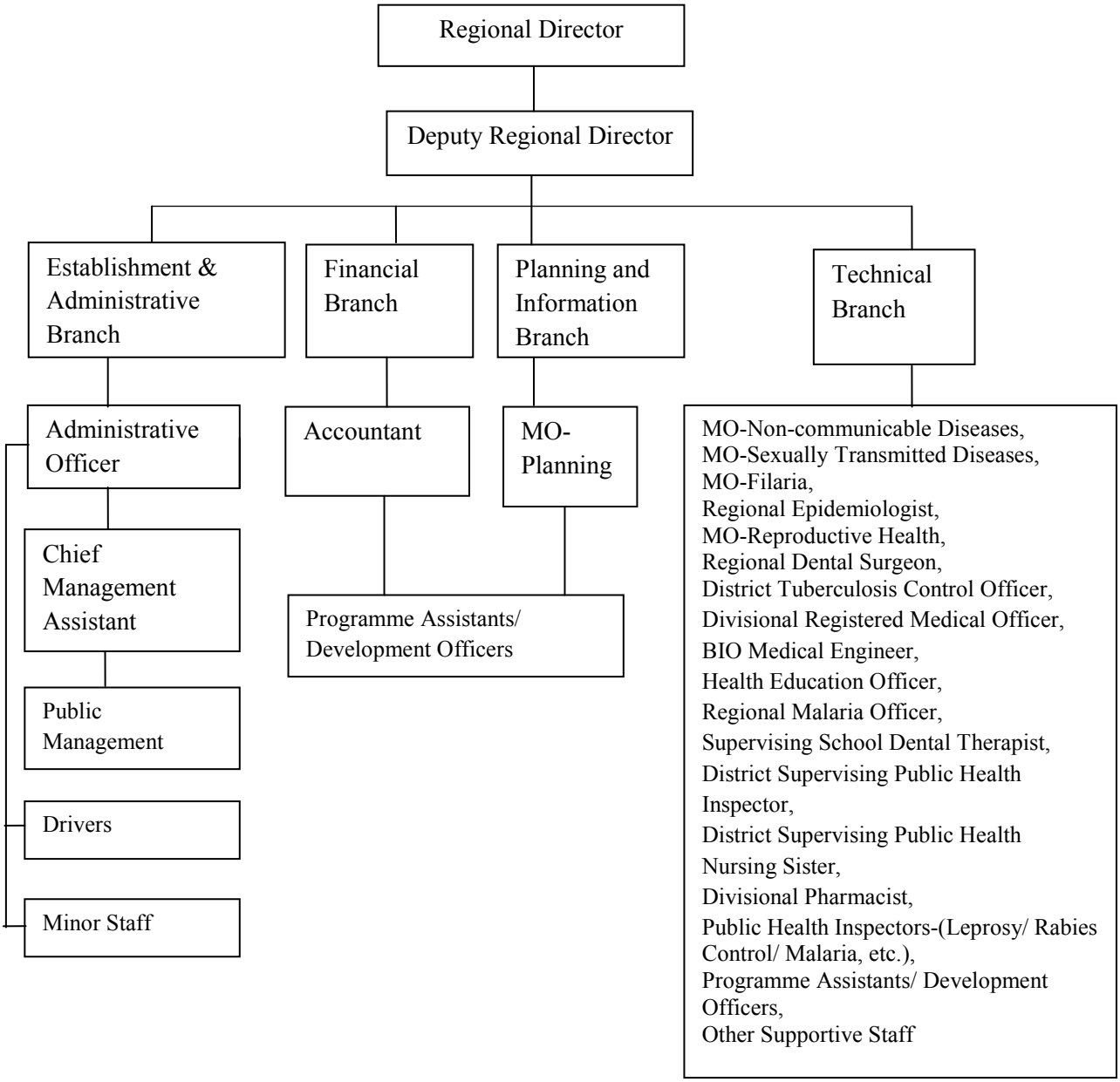
4.4. Managing for Development Results: The Regional Directorate of Health Services (RDHS) –*Badulla*

As shown in figure 4.1, this is the district (also named as the region in the health administration) level service-oriented and health administrative institution. It does not provide services to the people of the region directly. It has to feed its subordinate primary care and preventive care health institutions by providing effective and efficient services. It is the decision maker and the implementer at the district level. The financial, physical

and human resource related decisions which are important to the functions of the subordinate agencies are made by the RDHS.

The organizational structure of the RDHS can be figured as follows.

Figure 4.2: Organization Structure of the Regional Directorate of Health Services-*Badulla*



(Source: Provincial Directorate of Health Services-Uva, 2011:09).

As shown in figure 4.2., the office of the RDHS consists of six working sections. The establishment section deals with personnel management activities. The personal files of all health staff members of the RDHS itself and other subordinate institutions excluding the base hospitals are being updated by this section. The recruitments, transfers, leaves, disciplinary matters, appreciations etc. are some of the personal file related activities. Since the data related to human resource in the health sector is being online updated, this section is usually considered to be too hectic. Organizing trainings sessions, workshops, internal and external postal activities, vehicle management are being implemented by the administrative section of the office. The financial branch is entrusted with all the financial related responsibilities. The employees in the technical branch represent knowledge on different fields of study that is essential to deliver the curative care and preventive care health services. All the activities including health decision making and implementation, monitoring and reviewing are coordinated by the planning unit of the office. To ensure the effective and efficient service delivery mechanism, primary there should be a sound communication system among these internal branches and then with the subordinate offices.

4.4.1. Direction Setting and Planning of the RDHS

The vision of the RDHS is to "make the common general public of *Badulla* District to be happy and healthy" (RDHS, 2014: 07). Their mission is "to fulfill the needs of customers and thereby achieve the desired objectives of the curative care and preventive care services through the active participation of the efficient staff members and the maximum use of resources" (Ibid, p.08).

In order to achieve the above mentioned vision and mission, the objectives have been set by the RDHS. According to the mission statement, the main aim of the RDHS is to satisfy the needs of the customers by fulfilling their requirements efficiently and thereby developing the curative and preventive care services of the district. Its desired objective is "to achieve comprehensive customer friendly curative and preventive health care services through an optimal health management system" (RDHS, 2010:18). The undertakings to achieve this objective can be categorized under three main components; namely, (i) improvement of curative services, (ii) improvement of preventive services and, (iii) organizational and management development (RDHS, 2010:18).

There are basically five activities for the improvement of the curative services. They are; to strengthen the quality, safety, equity of hospital services, to improve the quality of Laboratory and emergency services in hospitals, to improve NCD and other clinical services and to strengthen the Maternal and Child health services (Ibid). Under the improvements of preventive services, there are fourteen activities and out of this fourteen, few of them can be named as; to establish outreach clinics for NCD screening and prevention, to strengthen the communicable disease surveillance system, to improve the oral health, to improve the nutritional status of maternal, infants and Children, to ensure the equal health services to estate sector and etc. (Ibid). Six activities come under the 3rd component of organizational and management development. They are; to strengthen the district planning team, proper monitoring and evaluation including information system, financial and procurement procedures, manpower, disaster preparedness and capacity building to overcome post-conflict health problems (Ibid).

All these objectives are supposed to be achieved within a five-year duration (2010-2014). For each year, there are annual physical targets/outputs. The outputs are measured through well-defined indicators. The means by which RDHS has logically sequenced its objectives, targets and indicators will be clearly understood by examining the following table. The table depicts the first specific objective of each three main components. Similarly, there are output indicators for the other specific objectives.

Table: 4.1: Objectives/Mid-term & Annual Targets/ Indicators

Comprehensive District Health Plan–*Badulla* District									
Sectorial Objectives and Targets Sector: **Health**									
Sectorial Objective: *To achieve comprehensive customer friendly curative and preventive services through an optimal health management system in Badulla District*.									
Components	Specific Objectives/ Activities		Mid-term physical targets /Outputs	Physical annual targets/outputs					Indicators to measure the targets
				2010	2011	2012	2013	2014	
01. Improvement of curative services	01	To strengthen the quality,	3	10	15	20	25	30	No. of hospitals having ETU/PCU

		safety, equity of hospital services.							facilities.
			6535	7200	7500	8000	8500	9500	No. of patients attending ETUs.
02. Improvement of preventive services	01	To establish outreach clinics for NCD screening and prevention.	0	2	3	4	5	5	No. of Clinics established in each MOH.
03. Organizational and management development	01	To strengthen the District planning Team.	3	4	4	5	5	5	No. of staff appointed.
			0	4	4	4	4	4	No. of training given.
			1	2	3	3	3	3	Quality of district planning.

(Source: RDHS, 2010:20-23).

In setting objectives, activities, targets and indicators, the RDHS has to consult its subordinate agencies. Before finalizing the five-year plan, there are several preliminary level policy discussions made with different stakeholders. The RDHS itself may have discussions among the internal branches and will formally inform their subordinate institutions such as hospitals, MOH offices, Central Dispensaries and Maternity Homes to document the health issues or any other requirements which needs to be addressed in order to enhance the health status of people in the region in their subsequent plan. Furthermore, the other vertical and horizontal institutions such as educational institutions—schools, pre-schools and local government institutions etc. usually raise the public health related issues and therefore, the RDHS must consult those institutions as well. In addition, the voluntary research institutions, NGOs and village committees might make requests for health promotion of people and thus, their participation should be ensured in the decision making process. The summary of the needs of people with

relevant reasons should be presented to the provincial and national level health managers including the funding agencies.

The Health Master Plan (HMP) should be created by the Line Ministry and it will include the regional health developmental activities according to the requirements made by the regional health managers. The HMP might have long term targets, i.e. the current HMP was prepared targeting 10-year duration (2007-2016). For this purpose, there are two annual action plans related to HMP—one is for programmes and directorates and the other is for the institutions in line ministry. Based on the HMP and its action plans, the priority areas for development should be selected and consequently, the five year developmental plans are made. The RDHSs should create their institutional plans under those five year plans. The District Health Plan-2010 for the period of 2010 to 2014 has been created by the RDHS following the five-year National Health Development Plan. In addition, the current action plan of the RDHS has also been prepared under the Systems Strengthening Plan for the period of 2013-2017 and it is considered to be a priority area of the National Health Development Plan.

The performance management of RDHS is currently based on the following thematic areas and related objectives.

i. Health System Improvement,
ii. Improvement of Maternal, Child Health and Nutritional matters,
iii. Communicable disease prevention and control,
iv. Non-communicable disease prevention and control (Survey Data, 2015).

The activities of each year in the plan should be implemented through the support of the subordinate institutions. The subordinate offices should be given proper knowledge, technical support, human and physical resources and trainings on above activities by the RDHS office. Especially, the separate role which is expected from them should be clearly defined and explained. The RDHS has to occasionally outsource the construction activities. In such situations the office should follow the existing procurement policies.

4.4.2. Monitoring and Reviewing

When the implementation of the activities starts under the annual action plan, the RDHS leadership has to follow up the implementations. Each of the activity partakes the indicators to monitor the progress. In addition to the monthly monitoring which is done by the regional director with the support of the sectional heads, the quarterly and semi-annual reviews should be done together with the Line Ministry and the *Uva* Provincial Ministry of Health (UPMOH). There are four kinds of review meetings at the RDHS level. They are completed monthly, quarterly, biannually and annually. The total level of progress was discussed at these meetings should be reported to the *Uva* Provincial Management and the Monitoring Committee of the Health Development. This committee includes members from the UPMOH, PDHS, and RDHS. The committee is chaired by the Health Secretary of the UPMOH (International Development Association, 2013:26).

4.5. Institutional Leadership

4.5.1. Roles and the responsibilities of the leadership of the RDHS

As the leader of the RDHS, the regional director is basically assigned with four major roles. The role as the Health Manager includes the administration and technical control of all government health institutions and field services; the role as the Community Physician includes the administration of the public health services and S/he is the leader and the teacher of health development in the district (Ministry of Health, Highways and Social Services, 1996:93). To perform these different roles, the director should receive collective support from the staff members of the RDHS. The office has to be dynamic in identifying the health issues in the region. From time to time, it has to guide the regional health staff by providing proper awareness on health problems as well as mechanisms to solve them.

4.5.2. Competency

The medical administration can be divided into two as junior and senior administrations. Before 1980s, not less than eight years of service and a postgraduate qualification from a recognized university were sufficient requirements to enter the medical administrative grade and in that time, most of the doctors have obtained a Diploma in Public Health. Though they had quality training on preventive medicine, there were no adequate training

related to management (Jayasuriya, 2002:62). After 1980s, the Postgraduate Institute of Medicine (PGIM) commenced by providing recognitions to the postgraduate qualifications obtained from the PGIM as a specialist qualification or for promotions to Grade I of the government medical officers service (Ibid, p.62). From then onwards, most of the medical officers who had the MSc/MD in Community Medicine and those who had a Diploma in Family Medicine were combined with medical administration. Those qualifications too are equally related to the public health and not much about the organizational management (Ibid). The introduction of MSc degrees in Medical Administration by PGIM can be seen in 1995.

By the year 2014, there were 23 health managers who had MSc's in Medical Administration and 191 with MSc's in Community Medicine (PGIM Website, 2015: Accessed on: 06/12/2015) for whole medical administration of the country. A qualified medical officer who enters the medical administration as a junior administrator might play different roles working as a Medical Superintendent in Base Hospitals and as Deputy Directors in Health programmes, District General Hospitals, Provincial General Hospitals, Teaching Hospitals and Regional Directorates etc. For the above posts, the members are appointed from the Senior Administrative Grade of Regional Directors. All these recruitments are made according to the scheme approved by the Public Service Commission of the Central Government. The Regional Director of the RDHS represents the Senior Administrative Grade with the MSc in Community Medicine.

The PGIM has clearly stated the general objective of the MSc in Medical Administration as to "build the competencies in managerial, advisory, supervisory, planning, research and communication responsibilities, so as to become efficient and effective administrators within the health sector of Sri Lanka and to execute above roles in order to meet the demands of the country" (PGIM, 2011:01). On the other hand, the main objective of the MSc in Community Medicine is "to offer training in the principles and practice of public health to equip trainees with knowledge, attitudes and skills that enable them to function as an efficient and effective middle level health professional in delivering public health services at grass root level" (PGIM, 2013:3). Therefore, those who have postgraduate qualifications in community medicine might be able to well coordinate the public health related issues at the field level. Above mentioned medical administration related skills are

essential for to continue the result-based management in the health sector. However, there is a huge knowledge gap within the medical administration of the country.

The problem further deteriorates due to the establishment of New Base Hospitals (Secondary Level) throughout the country based on the major townships through the implementation of the 13th amendment of the constitution of Sri Lanka (Dangalla, 2015) because a limited number of medical administrators were being appointed to those hospitals. Furthermore, for the management of other primary level curative care institutions and MOH offices, Medical Officers, Assistant Medical Officers, Registered Medical Officers are appointed and they have to learn management by practice. every medical officer who completed an internship was given a one-week orientation in administration previously and to appoint a medical officer in-charge of the MOH office, five years of service was required and currently all these requirements have been discontinued and post-interns are appointed as MOHs (Jayasuriya, 2002: 62). Therefore, a poor administration can be seen in those institutions and it negatively affects the implementation of regional health developmental activities. For example, as a supplement to the total quality management of the health sector institutions, the establishment of Japanese 5S system in all curative care and preventive care institutions in the region is a main objective of the current health plan of the RDHS, yet the support received from those institutions was very low since they are less skill to coordinate the activities.

4.5.3. Position Power

The financial decisions of the Regional Director are valid only up to 20 lakh of rupees (Survey Data, 2015). The Provincial and Central Health Ministries take the other decisions. The leader often attempts to maintain the role of the previous leaders. The leader does not have power to hire and fire. Since a performance-based compensation system is not available for the public sector officials, the leader has no power to control the performances of the subordinates. The Regional Directors had power before the establishment of devolved governments in 1987. The decision making power of the Regional Directors has been removed by the Provincial Directors in the nine Provincial Departments of Health Services. The MfDR has been successful from the beginning due to the unanimous consent of the top level bureaucrats and also because it was not just a political promise. When the commitment of the central level leaders was to implement

MfDR, it was not possible to delay the regional level activities. Therefore, the top down approach has been followed for the institutionalization of MfDR.

4.6. Institutional Capacity

4.6.1. Human Resources

The RDHS consists of 152 medical and non-medical staff members (RDHS, 2015:04). Out of the approved number of 3021 cadre positions, the total number of available health workforce at the district level including the RDHS staff members was 2889 in 2013. In addition to the approved number, there is an estimated number of 524 to be approved in filling the remaining vacancies (RDHS, 2013:323). The major categories in health workforce are Medical Officers, Nursing Officers, Paramedical Staff, Public Health Midwives, Public Health Inspectors, etc. The leaders of each of these categories are attached to the RDHS and they support the health decision making and implementation under the leadership of the Regional Director. The Line ministry has the prime responsibilities in training and recruitment of this workforce working together with the Public Service Commission of the Central Government. The Provincial Public Service recruits the other supportive staff after consulting the regional health managers.

In order to manage the health workforce strategically with the aims of results-based management of the health sector, a strategic plan for human resource was developed in 2009 for the period of 2009-2019 (College of Medical Administrators of Sri Lanka, 2012: 05). According to this plan, a Central Human Resource Coordinating Unit has been established in the line ministry and it has to coordinate and guide human resource development activities of the directorates. It is expected to develop competencies of the staff in different aspects such as manpower planning, management, skills, training and to improve the Human Resources Information System (Ibid).

There is a huge shortage of human resources at the center as well as in the provinces. The human resource gap can be particularly seen in the health cadres of Medical Officers, Nursing Officers, Paramedical Staff, Public Health Midwives, and Public Health Inspectors. Due to the inadequacy of human resources, the implementation of regional level health targets has been delayed. This problem further deteriorates due to the incompatible decisions made between Medical Administrators and Officers of the Sri Lankan Administrative Service. The said problem is common to the line ministry as well

as to the provincial health decision making process. Medical administration itself is hampered by the inadequacy of the well-trained people. At the same time, though SLAS officers have administration related skills due to the misunderstanding of the context, technology and quality, the health decisions get delayed. The situation thus makes a traumatic condition to the health managers since the service delivery of the health sector cannot be delayed unlike in other non-health services. For instance, when the tendering and purchasing activities get delayed, the hospital equipment and other physical requirements cannot be supplied on time.

The main responsibilities relate to the human resource distribution is held by the line ministry and that is unfair for the periphery level health institutions. In other words, a surplus of health staff in Central and Western Provinces can be seen (Gamagedara, 2015, pers. comm., 12 August).

4.6.2. Physical Resources

The health financing of GOSL can be seen under three main programmes. Namely; general administration and staff services, patient care services and community health services (de Mel, 2002:69). All the budget creations of each health institution and project are aggregated under one of these programmes and are divided in terms of recurrent and capital expenditure (Ibid). The annual expenditure should be initially approved by the Parliament and then, the Treasury, Department of National Planning and Finance Commission are taken priority in allocating funds to the line ministry and provincial health ministry. The Chief Accounting Officer in the Central Ministry is the Secretary to the Ministry of Health. With the recommendations of the Finance Commission, the Provincial councils receive their annual funds from the Provincial funds' in the Treasury (Jayasuriya, 2002: 63). In general, step-motherly treatments can be seen in case of financial allocations to the provincial governments. Out of total allocation to the health sector development, 2/3 of money is spent by the line ministry and 1/3 is spent by the Provincial Councils (de Mel, 2002: 70). Furthermore, the level of utilization of financial resources both by the Line Ministry and Provincial Councils for the patient care services can be tabled as follows.

Table 4.2: Utilization of resources for patient care services

Patient care	Capital	Recurrent
Ministry of Health	3x	2y
PCs	x	Y

(Source: de Mel, 2002: 71).

As shown in the above table, half of the recurrent expenditure is done by the Provincial health institutions and receive less allocation as the capital expenditure. Out of the recurrent expenditure of the Provincial Councils, a higher amount is allocated for the staff salaries. Despite the importance of periphery level primary health care and preventive care development, the Central government continuously keeps direct and indirect control towards provincial allocations. Similarly, parallel to the devolution of power, the establishment of Base hospitals and for their maintenance, almost all the provincial allocations are being spent (Dangalla, 2015: 34). Due to these financial constraints of the national level, the provincial health managers are challenged in doing the activities related to human resource development, tendering, purchasing, settling the bills of the contractors, maintenance of hospital equipment etc.

In addition to the fund of the Line Ministry, the Provincial Sector Development Fund and NGO Funds are the main financial sources of the RDHS. The World Bank and the UNICEF have continuously provided funds for the development of the health sector. The WB grants its money on equal basis to the provinces and it may increase the amounts according to the health requirement of the country. For instance, its allocation for the years 2013 and 2015 was 100mn rupees and 350mn rupees respectively (Gamagedara, 2015, pers. comm., 12 August). Due to the high population density and the estate health developmental activities, Badulla District receives 60% from the total provincial allocation of the WB fund. The other 40% goes to Monaragala District. The PDHS and UPMOH take priority in allocating this money to two of the RDHSs in the Province. From the estimated fund for the province in each year, 5% is allocated for the Emergency Fund of the Province (Gamagedara, 2015, pers. comm., 12 August). The following narrative 01 and 02 will further explain how the financial management is problematic at the provincial level.

Narrative 01:

The Perspective of the Line Ministry on the role of Regional Directorates

Because of the decentralization of health related activities, the inefficiency of health service delivery mechanism of the country can be seen. Previously, the Line Ministry was stronger enough to control the regional health institutions through the supervision on their performance targets which were given by the ministry facilitating with financial and physical resources. Currently the Line Ministry has no financial power directly and therefore the implementation of policy guidelines, circulars on NCD prevention and maternal and child health promotion activities, organizational development and management, etc. is not actively done by them. Regional Health Managers do not work innovatively. Their supervisory role towards the role of Curative Care institutions is very weak. They are not efficiently responding with the Line Ministry's requests.

Narrative 02:

Provincial Perspective on the role of Line Ministry

To implement the decided activities in the Action Plan according to the National Health Development Plan, the Uva Province receives funds from three main finding sources such as Line Ministry's financial allocation, NGOs' funds and Provincial Sector Development Fund. The NGOs like World Bank, UNICEF gave their financial supports with well-developed key performance measures including the targets in each year. In every year Regional Directors, the Provincial Director, Community Consultants, all the key informants in health planning from the UPMOH, RDHSs, in-charge Medical Officers of the MOH Offices and Hospital Managers used to discuss together about the next year financing and preparation of the Pre-Plan for that. The Regional Directors justify their needs visiting the field level activities. Generally, we finalized the designing of the implementation activities in the months of July and August of the existing year for the up-coming year. If it needs little adjustments, we do by considering the annual progress reports at the end of the each year. For the implementation of WB

and other NGOs' funds, we have to work as per the given time schedule and therefore we used to start the preliminary activities—tendering, purchasing orders and etc. After a few months of the implementation started, the Line Ministry gives their estimated annual financial allocation without a proper communication with the Province. There is no a Pre-plan, targets, times, etc. Also, half of the year has gone by the time of receiving that money and therefore there is no time to prepare the implementation plans. It is not possible to change the scheduled activities. The government money cannot use without following the financial and administrative regulations. If the allocated money in each fiscal year does not spend, all go back to the treasury. Even though the province suffers from the financial resources, most of the time those money go back to the Treasury due to the delays of the national decision making process. Though the national level political and bureaucratic leaders have used too much time and efforts to come to fruitful decisions, they are ending with no results. The focal point of the Line Ministry's fund to improve the Maternal and Child health and to train the provincial staff for the immunization of common diseases and nutrition related things. Because of the failures of the national level financial management, those activities are problematic. The faults are either from the Line Ministry itself or the other national level financial authorities. They do not supervise the provincial heath administration properly and its issues in the service delivery. The planners who make policies are based on the Colombo Capital City and therefore those are not pragmatic. Their implementation related policies receive in the beginning of the year and the money receives at the end of the year. Due to inadequate communication between the Line Ministry and the Province, there is a lot of administrative overlapping.

According to the above narratives, it is clear that the RDHS itself does not take financial and other resource management related decisions. Those are done by a bulk of provincial and national level institutions. The effectiveness of RDHS activities depends upon the effectiveness of those superior institutions.

4.7. Conclusion

The Chapter has discussed the means by which decision making and implementation have logically sequenced from the national level to the regional level in the health sector. Furthermore, it explains how RDHS has planned its development activities to go in line with its vision, mission and objectives. In addition to the MfDR implementation of the RDHS, the leadership role and the expected capacity from the Regional Director as the leader of the institution towards managing its performances has also been discussed. In conclusion, with the overall understanding about the role and the responsibilities, resources and the process in which the RDHS gains human, financial and physical resources, the following chapter will look into the level of implementation of the MfDR in practice and to what extent the leadership role, institutional capacity and the administrative culture of the RDHS has influenced on its effective implementation through the perception of the officials.

Chapter Five

Perception of the Officials on the Implementation of MfDR as the Public Sector Performance Management System

5.1. Introduction

The main hypothesis of the study will be testing in this chapter. The extent to which the role of institutional leadership, institutional capacity and the administrative culture affect the effective implementation of the MfDR as the performance management system of the Regional Directorate of Health Services will be examined. The correlations of each of these three independent variables with PMS as the dependent variable will be discussed by following the indicators specified in the first chapter. In addition to that, the basic information of the survey participants and their perception on the level of MfDR implementation will discuss at the beginning of the chapter as a prelude to the main discussion. Selection criterion, geographic information and designations of them were explained in detail in the first chapter. Therefore, the information collected regarding their age and the gender are provided before the examination of the implementation level of MfDR at the RDHS.

5.2. Basic Information of the Respondents

The total sample consists of 46 respondents and 23 of them are service providers and the other remaining 23 are service seekers. Out of 46, there are 70% of males and 30% of females. Within the 70% of male and 30% of female representations, equal representations from both service providers and service seekers can be seen. With regard to the frequency percentage distribution of the age of the respondents, 2%, 24%, 47%, and 27% belong to the age groups of 30-40, 40-50, 50-60 and 60 or above respectively.

5.3. Implementation level of MfDR at the RDHS

Table 5.1: Implementation of the Performance Management System of the RDHS

PMS of the RDHS	Strongly Agree	Partly Agree	Agree	Quite Disagree	Strongly Disagree	Total (n=46)
	Valid Percent					
The RDHS has a well-established Performance Management System (PMS).	20.9	32.6	25.6	14.0	7.0	100.0
The components of the PMS are well integrated each other (Direction setting—identifying Vision, Mission, Thrust areas, Goals and Key Performance Indicators), Planning, Implementation and Review.	12.5	35.0	27.5	15.0	10.0	100.0
The designing process of the PMS has been done by the institution itself.	34.3	22.9	28.6	11.4	2.9	100.0
The PMS has affected to change the traditional administrative practices.	19.0	35.7	33.3	9.5	2.4	100.0
There are logically established performance measures to measure the outputs and outcomes to inputs of the institution.	15.4	25.6	35.9	15.4	7.7	100.0
There is no overlapping of administrative functions.	19.0	33.3	21.4	16.7	9.5	100.0

(Source: Survey Data, 2015).

The perception of people on MfDR implementation at the RDHS has been displayed in table 5.1. The majority (32.6%) of respondents have partly agreed with the statement that the RDHS has a well-established performance management system. But, out of the total percentage, the majority of 54% have negated the answer while 46% have positively supported. The majority have again partly agreed with the statement that the components of PMS are well integrated with each other. It is rated as 35%. Though the majority does not accept the PMS as a well-articulated system in RDHS, their frequent participation for the MfDR steps can be seen.

As shown in table 5.2, since the majority of the respondents are often participated in direction setting, planning, implementation and reviewing the institutional functions they

have rated a high score in each step as 41.3%, 41.3%, 52.2% and 50.0% respectively. Among those scores, the frequent participation is also highly scored at the implementation stage as 52.2% and next at the review stage as 50.0%. The reason for the higher level of participation at the implementation level is that the majority of officials from subordinate agencies as the service seekers from the RDHS office have rated. Though the participation of subordinate agencies at direction setting and planning was highly encouraged by the MfDR concept, it cannot be seen in practice. The average participation of the respondents has rated as 2.55 (mean value) and therefore, a satisfactory level of participation in each MfDR step cannot be seen.

Table 5.2: Level of involvement in each of the MfDR Steps

MfDR Steps	Very Regular	Often	Sometimes	Rarely	Not at all	Total (n=46)
	Valid Percent					
1. Direction Setting Stage—identifying Vision, Mission, Thrust areas, Goals and Key Performance Indicators.	15.2	41.3	28.3	4.3	10.9	100.0
2. Planning Stage—identify strategies and actions.	13.0	41.3	26.1	10.9	8.7	100.0
3. Implementation Stage—deliver interventions and monitor progress.	10.9	52.2	15.2	13.0	8.7	100.0
4. Review Stage—assessing the efficiency, effectiveness, impacts and sustainability of work.	13.0	50.0	17.4	10.9	8.7	100.0

(Source: Survey Data, 2015).

Thus, according to table 5.1, the majority—34.3% of the respondents have strongly agreed and 28.6% have agreed that the designing process of the PMS has been done by the institution itself. Similarly, 23.9% have partly agreed while 11.4% and 2.9% have quite and strongly disagreed with it. The main reason to negate the answer is that many of them have involved in implementation of the programmes and activities but not at the designing stage.

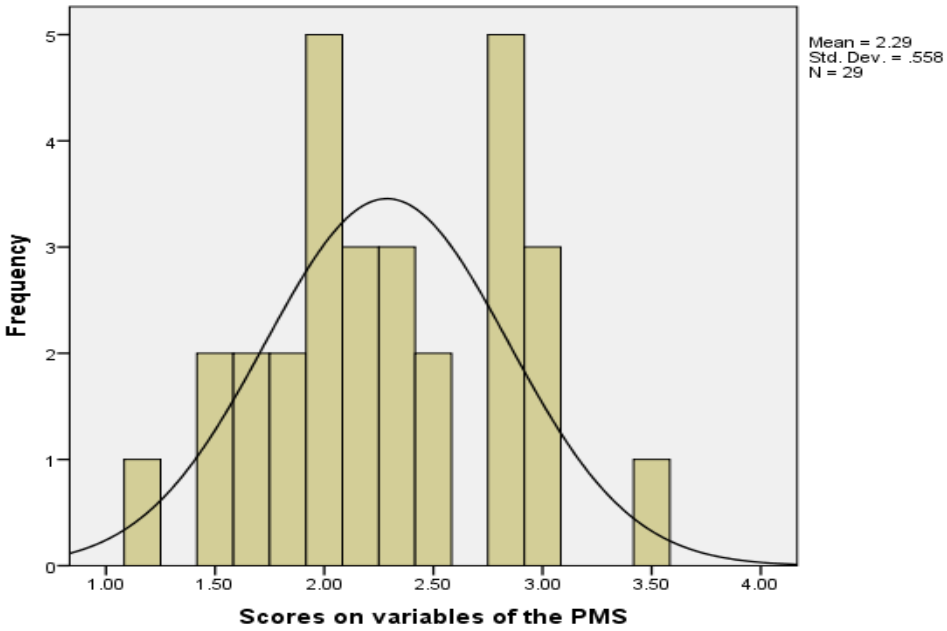
The views of the respondents on the statement of "the PMS has affected to change the traditional administrative practices, the majority of 35.7% have partly agreed and 19.0% and 33.3% have strongly agreed and agreed while another 9.5% of the respondents have

quite disagreed while 2.4% has strongly disagreed. However, out of the total percentage, 52.3% have positively supported the statement while 47.6% have negated the statement.

As presented in above table 5.1, for the statement of "there are logically established performance measures to measure the outputs and outcomes to inputs of the institution", 35.9% of the majority have agreed and 15.4% have strongly agreed. Furthermore, out of the total percentage, 51.3% have positively supported the statement while 48.7% have negated the statement rating it as partly agree (25.6%), quite disagree (15.4%) and strongly disagree (7.7%).

Finally, for the statement of "there is no overlapping of administrative functions", the majority of 33.3% have partly agreed and 16.7% have quite disagreed and 9.5% have strongly disagreed. However, 19% of the respondents have strongly agreed and 21.4% have agreed with the statement. Out of the total percentage, 59.5% have negated with the statement while 40.4% have positively supported the same.

Graph 5.1: Frequency distribution of implementation of the PMS



Note: the total number is not equal to 46 due to multiple answers.
(Source: Survey Data, 2015).

As portrayed in graph 5.1, the mean value of the index of the PMS is rated as 2.29 and the standard deviation of it is .558 and therefore, the satisfactory level of MfDR implementation as the PMS at the RDHS cannot be seen. Overlapping of administrative activities of the RDHS, lack of timely and properly updated health status in the district, updating the Indoor Morbidity and Mortality Returns (IMMR) is still paper-based, dissatisfaction of the staff members in the RDHS itself and in the subordinate offices on the performances of the RDHS and discontinuation of the annually estimated tasks due to ineffective decision making of the RDHS are some of the factors which reveal the ineffective implementation of the MfDR at the RDHS.

5.4. Perception of officials on the leadership role of the RDHS

In the fourth chapter, the roles and responsibilities of the leader, competency and position power have been discussed and here, the strategic decisions, capacity, leader-member relations and leadership styles will be examined through the perception of the officials participated in the survey.

Out of the total respondents, 60% have mentioned that the participation of the subordinate is highly encouraged by the leader of RDHS in setting institutional goals, objectives and targets while 40% have negated the answer. Similarly, 76.1% of the respondents have rated leadership as providing enough effort to manage the institutional performances while 23.9% have not supported the answer. On the contrary, 78.3% have agreed that they have enough freedom to perform their duties well whereas another 21.7% have mentioned that they do not have enough freedom to play the given role.

The reasons for the negative answers can be clearly understood through narrative 03 presented below.

> ***Narrative 03:***
>
> ***Decisions of the leader***
>
> *The leader of the RDHS used to think that innovative decisions are always related to the financial matters or doing struggle for gaining resources. Therefore, the director is always used to be busy with the financial meetings and less attention is paid to the staff management. The other sectional heads occasionally have to present the work status*

as a positive change as per the request of the director but that is not the real status. The leader is not capable in controlling the staff members and no strict control towards subordinates can be seen. Therefore, the people who work best have been demotivated. Moreover, it has affected the service seekers to feel dissatisfied since the services are delayed by the inefficient workers. If some of the officials do not perform the given individual role properly, the leader used to cover his or her duties without taking disciplinary actions against them.

The MfDR has clearly discussed about the different leadership styles prevalent in the administrative organization, namely, the task-oriented leadership style, employee-oriented leadership style and change-oriented leadership style. The role of the leader has to be changed for the continuation of MfDR. The leader should have the capacity to play a role as the change agent to manage the staff members' attitudes towards the implementation of the MfDR recalling the basic teachings of it. As displayed in table 5.3, when the statement was raised as the MfDR is the main performance management system which has been followed by the RDHS, majority of the respondents (28.6%) agreed while 23.8% have strongly agreed with this view. In other words, out of the total respondents, the majority of 52.4% have positively supported to the statement while 47.6% have negated the answer. The reason to be either partly agreed, quite or strongly disagreed is that the term "Managing for Developmental Results" is not that much familiar among those officials of the RDHS. The key personnel who were involved in institutionalizing MfDR steps at the initial stage were not currently serving there and it is also observed that the steering committees as the key agents to recall the main MfDR activities at the regional level do not perform their roles well. In addition, the leader of the RDHS has the responsibilities to get the other provincial and central level leaders' support to do the necessary changes that are related to the MfDR activities. It seems to be those activities are not properly done by the leader of the RDHS.

Table 5.3: Awareness on MfDR implementation

Managing for Developmental Results (MfDR) is the main performance management tool that your institution has been followed.	Frequency (n=21)*	Valid Percent (n=21)
Strongly Agree	5	23.8

Partly Agree	5	23.8
Agree	6	28.6
Quite Disagree	4	19.0
Strongly Disagree	1	4.8
Total	21	100.0

* The total number is not equal to 46 due to multiple answers.
(Source: Survey Data, 2015).

The extent to which the institutional leadership copes up with the subordinates can be measured through the level of involvement of the subordinates for major institutional activities which come under the staff and financial management of the RDHS. The tables—5.4 and 5.5 indicate the approximate time they usually spent for those activities.

Table 5.4: The involvement of Subordinates for the management of staff

Activity **Level of involvement for staff management**	% of time spent					
	0-20 (%)	20-40 (%)	40-60 (%)	60-80 (%)	80-100 (%)	Total
Staff selection. (n=21)*	33	43	14	10	0	100
Staff appraisal, Training, Motivation. (n=26)*	19	54	15	8	4	100
Designing a Reward System. (n=20)*	30	55	10	5	0	100
Implementation review and attaching it to performance based pay. (n=24)*	17	42	29	8	4	100

Note: the total number is not equal to 46 due to multiple answers.

(Source: Survey Data, 2015).

As presented in table 5.4, the participation of many of the subordinates for the staff management related activities is less and have rated it between 20%-40% and also within that range, the majority has rated for the staff appraisal, training, motivation and designing a reward system. None has included into the category of 80% or more in providing time for the staff selection and designing rewards. The average time spent by the respondents was rated as low as 2.10 and its standard deviation as .576. Therefore, the

level of engagement in staffing related activities by the subordinates of the RDHS is very low.

Table 5.5: The involvement of subordinates for the financial management

Activity **Level of involvement for financial management**	% of time spent					
	0-20 (%)	20-40 (%)	40-60 (%)	60-80 (%)	80-100 (%)	Total
Designing new programmes and activities to collect funds from the provincial and central budgetary allocations. (n=24)*	25	63	8	4	0	100
Identify the financial gaps and the workload which was unable to implement due to that financial constraints. (n=23)*	23	64	9	5	0	100
Handling the uncertainty situations due to financial factors. (n=24)*	38	50	8	4	0	100
Distributing the financial resources to the subordinate agencies considering the demands of those institutions. (n= 24)*	17	46	8	21	8	100

Note: the total number is not equal to 46 due to multiple answers.

(Source: Survey Data, 2015).

With regard to the approximate time the subordinates have usually spent for the financial management, the mode is specified as two. Many of the respondents have rated the time they spent in between 20%-40% for above mentioned activities. Within this particular range, the highest level of time is spent for designing new programmes to gain funds from the provincial and central budgetary allocations. Furthermore, time has spent for identifying the workload which was unable to implement due to the financial constraints. Out of the total number of respondents, 8% have only rated it as 80%-100% and that is also only for the distribution of financial resources to the subordinate agencies. The average time spent by the respondents for the financial management is reported as 1.99 and the standard deviation is .450. The time spent by the subordinates for the activities relevant to the financial management is not in a satisfactory level and when it is compared

with the average time of involvement of subordinates in staff management, the average score is high for staff management. The relationship between the leader and the followers should be strong towards the improvement of institutional performances. An employee-oriented leadership cannot be seen in the RDHS since the employee participation is not highly ensured in the decision making level.

The members must have respect for their leader and also the leader should communicate with the subordinates in a flexible manner. However, those communication styles and decisions may not directly affect in controlling the subordinates towards the performance improvement of individuals and the institution.

5.5. Correlation: Role of Institutional Leadership and the PMS

The leadership role of the RDHS does not positively support the effective implementation of PMS. The mean value of the index of the role of institutional leadership has rated as 1.27 and the Standard deviation as .304. The Pearson Correlation demonstrates that there is no significant correlation between the role of institutional leadership and PMS of the RDHS. The Correlation Cooperation shows the value as .187 and the significant level (p-Value) as .341.

5.6. Perception of officials on the institutional capacity of the RDHS

The process in which the human and physical resources are gained by the RDHS has been discussed in detail in the 4th chapter. The MfDR concept has emphasized the significance of resource-oriented and culture-oriented changes parallel to the implementation of the MfDR. Since the needs of the health sector development are dynamic, the changes may occur in the key developmental areas. Those new changes should be achieved through the developmental programmes and projects of the RDHS and therefore as a supplement, the institutional context of the RDHS should be changed.

The National Productivity Secretariat (NPS) under the Ministry of Public Administration has also emphasized the importance of MfDR process and the public sector institutions already follow the basic elements of it. With the advices of NPS, as a supplement to the MfDR; the public sector institutions are used to follow the Japanese 5 S concept (The 5S

consists of 5 advanced steps to implement in the organization. They are; SORT, SET IN ORDER, SHINE, STANDARDISE and SUSTAIN (Quality environment (5S) STEP BY STEP IMPLEMENTATION: N.D) to manage the administrative functions in the offices. The Line Ministry of Health has also recommended the policies and circulars to implement the 5S in the health instructions—hospitals, health management institutions to enhance the quality, efficiency, human and environmental friendly health services to people. Similarly, the Regional Directorate of Health Services also managed its performance by following both MfDR and 5S concepts.

The current institutional context will be discussed hereinafter through the perception of the officials in order to observe the level of human and physical progress for the effective implementation of the MfDR.

5.6.1. Roles & responsibilities and resource development of the RDHS

The RDHS has a long tenure than the Provincial Department of Health Services. Out of the total respondents, the majority of 47% has agreed and 16% has strongly agreed with the statement that the current role of the Regional Directorate of Health Services has expanded few years back and according to this expansion the office has given enough space and other physical resources while another 37% have negatively supported the statement.

Since the financial allocations have been increased annually by the national and international funding institutions, the roles and responsibilities of RDHS have also been increased especially after 2009 with the implementation of the MfDR by identifying the thrust areas in the health sector development. The health targets have especially amended to increase the services for the development of the preventive care services. Furthermore, the RDHS had to play a vital role as a facilitator and an advisor after the establishment of the Base hospital system.

With regard to the human and physical resource development of RDHS, 52% of the officials have positively responded as they believe that there is a strong relationship between the increment of institutional capacity and PMS of the RDHS while another 47% have negatively responded for the same. However, a higher level of difference cannot be

seen between those answers. On the other hand, the respondents have equally rated (50% positively & 50% negatively) to the statement on the progress of the institutional functions which has increased due to the well-established performance management system.

5.6.2. Legal capacity

As presented in table 5.6, with regard to the legal capacity of the RDHS, the majority of 33% have partly agreed that the RDHS has enough legal capacity to perform its roles. In other words, out of the total number of respondents, 57% have negated the answer whereas 47% have supported the statement. The respondents who have disagreed with the same have provided following reasons for their answer.

i. The RDHS has no legal capacity to take financial decisions over 20 lakhs of rupees,
ii. Its decision making and implementation power has been taken up by the PDHS and most of the administrative activities of the RDHS are overlapping due to the unnecessary involvements of the PDHS.

Table 5.6: Legal capacity of the RDHS

The institution has strengthened with enough legal capacity to perform well.	Percent (n=46)
Strongly Agree	20
Partly Agree	33
Agree	27
Quite Disagree	11
Strongly Disagree	09

(Source: Survey Data, 2015).

5.6.3. Horizontal and Vertical Control

Before the introduction of MfDR, less attention was paid on the horizontal relations that are essential to provide efficient health services. Nevertheless, with the result-based management approach, the institutional arrangements have developed together with other institutions (ex; Local Government Institutions) to provide preventive health care services

to the public. Similarly, to track the corrupt practices of the officials—Technical Officers, etc. and to enhance the efficiency and the quality of the services that are related to the constructions of the RDHS, collaborations are made with the Department of Constructions which come under a separate Ministry.

When it comes to the vertical relations, the Line Ministry was used to find faults with the performances of the RDHS by pointing out that they do not follow the central decisions. Though the ministry orders to implement the administrative and health-related policies and guidelines, most of the time, the directorate used to ignore them. Why are those policies ignored by them? At times, policies are given without a proper technology, training, human resource and financial support. Furthermore, those policies are not practical to the ground level. They are incompatible with the regional needs.

From the beginning of the MfDR institutionalization process, the emphasis can be seen in receiving assistance from the Department of Auditor General for auditing the performances of the RDHS. The functions of the RDHS have delayed due to the requests and supervisory roles of the vertical institutions. They are; the Line Ministry, the Provincial Health Ministry, the Provincial Council and the Provincial Directorate of Health Services.

5.6.4. Participatory decision making

When it comes to participating in health decision making, setting institutional targets, and key performance indicators, the RDHS is used to consult the subordinate offices to make them realistic based on mutual discussions and reviews. 73% of respondents have strongly agreed with that while 14% have agreed. Moreover, 11% and 2% have partly agreed and strongly disagreed respectively. Similarly, 67% has strongly agreed and 9% have agreed with the statement on the cooperation of all staff members and the commitment of the authorities as the reasons behind the success of a result-based management in district health activities. Only 24% have negated the answer.

5.6.5. Skills of the human resource

As presented in table 5.7, the majority (33%) of the respondents has rated the length of experience in the public sector as below 10 (years). In addition, 30%, 24% and 13% (the lowest) represent the ranges of 10-20, 20-30 and 30-40 years respectively.

Table: 5.7: Length of experiences working in the public sector

Years	Frequency	Valid Percent
below 10	15	33
10 and below 20	14	30
20 and below 30	11	24
30 and below 40	6	13
Total	46	100

(Source: Survey Data, 2015).

As presented in table 5.8 below, many of the respondents have basic qualifications required to enter the entry level posts which are held by them in the public sector. Only 13% of respondents have Master qualifications and among them 4% are qualified with postgraduate qualifications which are directly required to enter the medical administration at first as a junior administrator. Furthermore, another 9% have Master qualifications which are important in improving their performances. Out of the 43% of respondents who have Degree level qualifications, only 2% have additional qualifications such as Certificate in Anesthesiology, Forensic Medicine, etc. The 4% which come under the category of 'others' represent the Registered Medical Doctors who have followed separate courses as compulsory requirements to be appointed as Registered Medical Officers. In conclusion, out of the 26% of Diploma holders, 6% have additional qualifications.

Table 5.8: Academic Qualifications of the respondents

Level of qualifications	Frequency	Valid Percent
G.C.E. (O/L) examination	3	7
G.C.E. (A/L) examination	3	7
Diploma	12	26
Bachelors	20	43

Masters or above	6	13
Others	2	4
Total	46	100

(Source: Survey Data, 2015).

The responsibilities of the RDHS office are dynamic and most of the time it has to face indefinite situations. Therefore, a well-trained human resource is considered to be important. However, there are no adequately trained human resources for both medical administration and other health cadres. Due to the lack of human resources, those who have completed the post graduate qualifications in any field and those who have working experiences have been appointed as the regional heads of the specific health categories in the RDHS itself and in medical institutions which come under RDHS. However, their performances are not in a satisfactory level. The health policy planning and administration should be carried out by the key personnel who are well-trained with postgraduate qualifications related to medical administration. The RDHS suffers due to the lack of such personnel and out of the total 4% who are qualified to directly enter the medical administration; only 2% have medical administration related degrees.

5.6.6. Individual role and the trainings of the human resources

As presented in table 5.9, the majority has agreed (33.3%) that the individual role of each officer in RDHS strategically link with the institutional goals, objectives and targets. Out of the total number of respondents, 53.3% have rated positively and 46.7% have negated the above statement.

Table 5.9: Individual role and the institutional targets

The individual role of each officer strategically goes with the institutional targets	Valid Percent (n=46)
Strongly Agree	20.0
Partly Agree	22.2
Agree	33.3
Quite Disagree	8.9
Strongly Disagree	15.6
Total	100.0

(Source: Survey Data, 2015).

When it comes to the level of satisfaction on the current position and the given duties, the majority of 72% has stated that they are satisfied and 28% has revealed that they are dissatisfied. One of the most important reasons in this regard includes the absence of essential trainings for their improvement of their working standards. Another important reason is the non-delivery of allocated trainings sessions to improve specific performances of the employees and these trainings have been given for the staff members who do not perform relevant duties. Table 5.10 shows the level of satisfaction towards the trainings given so far by the RDHS. When the question on the extent to which the training received so far is relevant and proved effective in discharging their professional duties in conceptualizing and implementing PMS was raised, the majority (42%) has stated that it is somewhat relevant. Only 11% has mentioned that it is actually relevant. Another 13% and 7% have mentioned that it is not much relevant and actually irrelevant respectively.

Table 5.10: Relevancy of trainings

Respondents' perception on trainings	Percent
Very relevant	11
Somewhat relevant	42
Moderate	27
Not much relevant	13
Very irrelevant	7
Total	100

(Source: Survey Data, 2015).

Most of the time, the officials did not receive soft skills-related trainings. They have received several hard skills-related trainings such as the use of ICT, medical equipment, preparing documentary and etc. They do not have adequate skills in order to manage risks, situational analysis, inter-personal relationships, adaptability etc. In addition, the leadership role should be altered to encourage the staff members feel that they are the owners of managing institutional performances.

5.7. Correlation: Institutional Capacity and the PMS

The institutional capacity of the RDHS is not at the satisfactory level and its mean value and standard deviation was rated as 2.24 and .601 respectively. However, the Pearson correlation shows that there is a strong (Correlation is significant at the 0.01 level (2-tailed)) relationship between the institutional capacity and the implementation of PMS of the RDHS. The correlation cooperation shows the value as .508 and the significant level (p-Value) as .008. The institutional capacity positively affects the implementation of the MfDR as a PMS.

5.8. Perception of officials on the Administrative Culture of the RDHS

5.8.1. Attitudinal changes

Based on the attitudinal changes of the internal staff members, a human friendly working environment can be seen in the office. The attitudes of the official have significantly affected for the increment of institutional capacity too. The statement that the PMS has positively affected to change the negative attitudes of the officials was positively supported by 57% while 44% have negated the answer. At the same time, the statement that the office of the RDHS always attempts to maintain a customer friendly environment was supported by the majority of 33% and strongly supported by 15% while 30%, 11% and 11% have partly agreed, quite disagreed and strongly disagreed respectively.

Before the establishment of PMS, the way of distributing duties and the people who should be responsible for a particular duty was not clear. Currently, distribution of duties and responsibilities for each officer through a written document can be seen. In addition, the division of responsibilities to the internal sections of the office is also well done. However in practice, the officers' role has not still being changed.

Without having an assessment on this issue, the leaders themselves were used to perform those activities. Furthermore, the officials constantly hesitated to change their duties time to time. The workers have influenced the institutional changes through professional unions. The employees, who worked for a long period, did not agree to change the working patterns. However, the following table (table 5.11) shows that the traditional attitudes of the officials can be a threat to the continuation of the performance

management system. In other words, the total number of 63% has agreed and 37% has disagreed with the statement. The majority—38% have agreed and 4% have strongly agreed with the statement that the present institutional context leaves little room to implement PMS strictly. On the contrary, 18%, 22%, 18% have rated it as partly agree, quite disagree and strongly disagree respectively. Therefore, the majority of the respondents have mentioned that the strict control on subordinates by the leadership is necessary to change the traditional working patterns of the RDHS. The following narrative 04 will reveal the other challenges for the continuation of MfDR as the PMS of the public sector institutions.

Table 5.11: Traditional attitudes

Respondents' perception of traditional attitudes	Frequency	Percent
Strongly Agree	19	41
Partly Agree	12	26
Agree	10	22
Quite Disagree	2	4
Strongly Disagree	3	7
Total	46	100

(Source: Survey Data, 2015).

Narrative 04:

Administrative malpractices

Money is not the main problem that we face to fail the result-based management. I have more than 30 years of experience in working in the public health sector, sometimes as a medical officer and as a consultant. Once, a health executive assigned me a duty to implement a development project with a large amount of money. That is to construct a new building for a blood bank in Badulla District. When the attention was paid to the estimated money and construction plan I was able to diagnose many of the errors and exaggerations which were not pragmatic. The building plan was really an exaggeration and its hidden purpose was to increase the amount of money. However, I did not recommend it and designed a new plan and work to cut down the unnecessary money and half of the expected expenditure was cut down. It does not mean that I have given

less attention for the maintenance of quality of the constructions. I could complete the project well with the cooperation of other governmental departments and by following the legal procedures. As an appreciation of the work done I have been offered a foreign tour too by the Line Ministry. When I started the project in an innovative way—during the implementation and even after, I have been threatened in many ways by political and non-political channels. With my arrival to the RDHS, most of the senior and junior officials and even drivers were not happy and they were not cooperative since they have heard that I work strictly against the administrative malpractices. Currently those attitudes have been changed by them and it is not because of that they have stopped the use of public property for the private gains but because I have determined to perform only the given duty and to remain silent by not seeing what others do. Otherwise I cannot survive here. The people who work well had no chance to complete the ongoing work since they receive sudden transfers. It makes the new comers feel confused. Since the health sector suffers from senior administrators and when the situation is like this, the result-based management is also problematic.

5.8.2. The level of satisfaction on PMS of the RDHS

The majority of the respondents are dissatisfied on PMS of the RDHS and it is rated as 61% while 39% are satisfied with the implementation of PMS. Though the majority is dissatisfied with it, they have accepted the changes which occur due to the implementation of the MfDR as a result-based management process. Another 66% have mentioned that PMS of the institution has really affected to create a new institutional environment while 34% have disagreed with it. The reasons for the satisfaction were mentioned as follows.

i. Improvements made in encouraging the staff towards work.
ii. Due to the statistical performances of the staff service seekers are being benefitted.
iii. People who do not work hard have been stipulated by other people who receive good records based on performances.

iv. Due to the new thinking pattern of the staff members, many complaints are not received from the service seekers and they do not have to wait to get the services done.

v. Attitude development and collective target setting have improved. The enthusiasm of the staff members toward the establishment of sectional targets can be seen. They have the desire to see the ends of the given targets and they are intended to reveal the quality of the activities and to question them if any problems occur.

Thus, the reasons for the dissatisfaction are mentioned as follows.

i. The leader does not treat all staff members equally and discrimination can be seen based on biased relations.

ii. No evaluations are made on the individual performances and less cooperation and coordination among the officials can be seen.

iii. The leader is not capable of motivating the staff towards a performance-oriented culture. Since there are no appreciations and punishments, if someone does not work, the leader will go and work on behalf them.

The following are the reasons for the dissatisfaction of the service seekers.

i. The supervisory role of the RDHS is so weak and there are no methods to appreciate or motivate the lower level institutions. Most of the activities of the subordinate offices are done not to go in line with the vision and mission of RDHS but according to their private decisions which are not supervised by RDHS.

ii. The RDHS do not take actions to provide the estimated annual actions within the scheduled time—for instance, providing medicine within three months and facilitating with the necessary documents for the statistical updates.

iii. Though there are a Citizen Charter and a Complaint Box in the office, they are not popular among the service seekers.

iv. Not only in the normal working days but also in public days most of the staff members of RDHS are not available in their seats and without a follow up call, it is very difficult to get their services done.

5.8.3. Rigidity of laws and regulations

Table 5.12: The perception of the respondents on laws and regulations

Respondents' perception	Frequency	Valid Percent
Strongly Agree	6	13
Partly Agree	23	50
Agree	7	15
Quite Disagree	5	11
Strongly Disagree	5	11
Total	46	100

(Source: Survey Data, 2015).

As mentioned in the above table 5.12, 50% have partly agreed that the rigid laws and regulations and the hierarchical relationship is a challenge for a performance oriented-culture. Similarly, out of total number of respondents, 72% have mentioned that the rigidity of laws is not a challenge for the public sector performance management. However, as shown in table 5.13, the majority (36%) has mentioned that due to the overlap of central and provincial decisions, problems occur in the administrative activities of RDHS. In addition, a huge political influence exists in the process of decision making and implementation activities of the RDHS. The majority of 44% have strongly agreed with the above idea and especially with regard to the staff recruitments in the health sector, political involvement can be seen.

Table 5.13: Traditional administrative practices

Respondents' perception	Percent					
	Strongly Agree	Partly Agree	Agree	Quite Disagree	Strongly Disagree	Total (n=46)
The rigid laws and regulations and the hierarchical relationship is a challenge to go for a performance oriented culture in	13	50	15	11	11	100

the institution.						
Political influence still exists in decision making and implementation level.	44	21	14	16	5	100
Due to overlapping of decisions which are taken by the central level and provincial level health institutions and therefore it is disturbing the day-to-day activities of the RDHS.	7	22	36	26	9	100

(Source: Survey Data, 2015).

5.9. Correlation: Administrative Culture and PMS

The mean value of the index of the administrative culture is rated as 2.64 and the standard deviation as .688 and there is no significant correlation between the administrative culture and PMS of the RDHS. The Correlation Cooperation shows the value as -.016 and the significant level as .938 (p-Value). A considerable level of positive changes which have taken place towards a performance oriented culture cannot be seen in the administrative culture of the RDHS.

5.10. Conclusion

The satisfactory level of MfDR implementation as a performance management system cannot be seen there. The RDHS Office is still in the transition period of managing its institutional performances towards a results-based performance management system. However, it is also observed that as a service-oriented institution, the performances of the RDHS have been significantly improved by the PMS. It is evidenced that since there is a strong correlation between the institutional capacity and the implementation of the MfDR as a PMS.

The implementation of the MfDR as the public sector performance management system is being challenged due to the less confidence of the managers/leaders towards the innovative performances and the traditional administrative culture. It also indicates the

fact that the regional level health leaders had not played the expected managerial role in the implementation of MfDR. The agents who are involved in modifications have to play a vital role in changing the traditional attitudes of the officials and the leaders. However, these agents are not active at the provincial level for the implementation of Managing-for-Developmental Results (MfDR) and the follow-up process is not at a satisfactory level.

Since in the foregoing discussion the primary and secondary data which were gathered have been analyzed in order to test the designed hypothesis and in the next chapter final findings will present with suggestions and future research areas.

Chapter Six
Conclusion

6.1. Conclusion

Among the many of public sector reform efforts from 1950s, Managing for Development Results (MfDR) is the most pragmatic effort implemented by the GOSL as a result-based performance management system. The MfDR was implemented as a comprehensive approach well-sequencing the national, provincial and local level public sector institutions. With the donor supports and the full commitment of the bureaucratic as well as the political leaders, the MfDR implementation has been successful compared to the previous administrative reform efforts in Sri Lanka.

However, there are many arguments on the MfDR implementation at the district or regional level. It is said that the expected outcomes were not given to establish the results-based performance management. Also, since its implementation in 2006/07, there are no researches done to identify the implementation gap of MfDR and to find out the reasons for the weak implementation. This issue was the main focus of this study.

The first chapter was on the background, context, significance, problem statement, objectives, hypothesis, research questions, analytical framework, the research methodology, sources of data, data collection methods, study area, sampling methods and the size of the sample. There were two main objectives of the study; to examine the issues and problems to be addressed at the implementation level of the Performance Management System (PMS) focusing on selected district administration of Health sector in Sri Lanka and to find out the extent to which the institutional leadership, institutional capacity and administrative culture influence on its effective implementation.

Accordingly, the hypothesis of the study was designed and it was on the successful implementation of a Performance Management System in a public sector institution which will depend on the role played by the institutional leadership in designing and dissemination of PMS, institutional capacity and the positive changes taken place in the administrative culture of the organization.

The analytical framework has derived from the literature review which was conducted to identify the performance management system and its practical implementation in the national, regional and international level. The main dependent variable of the study was the implementation of a performance management system in a public sector institution while the role of institutional leadership, institutional capacity and the administrative culture were the main independents variables.

The Regional Directorate of Health Service (RDHS)-Badulla was selected as the case study of the research representing the district health administration of the country. The area for the case study was selected to observe the implementation level of MfDR at the regional level since its implementation followed a hierarchical approach. As the data collection methods; the Content analysis, Survey, Case study and Interview were used. The total sample for the questionnaire survey consisted of 46 officials who represent both service providers and service seekers. Furthermore, 09 officials were interviewed under structured and unstructured interviews. The use of few case studies and informal discussions with the regional health managers were useful to develop few narratives to identify the reality behind the implementation of MfDR which was unable to discover from the other methods.

Chapter two presents the literature survey conducted for the study and the theoretical framework which was derived from the literature survey. The chapter gives a broader theoretical explanation on the concept of performance management system and its steps. In addition to the literature survey on the main dependent variable of this study—Performance Management System, the literature related to other study variables—institutional leadership, institutional capacity and administrative culture (considered as the independent variables) was also surveyed. Not only the literature survey but also the independent variables were theoretically defined for the convenience of understanding.

Chapter three presents a brief introduction on the history of public sector performance management in Sri Lanka. While defining the concept of MfDR, the particular chapter further provides a detailed description on its institutionalization process. The MfDR was implemented under the institutional perspective of the performance management system.

Before the discussion on the practical level of MfDR implementation, chapter four presents the institutional arrangement from the Line Ministry to regional level and the cascading process of policies from national level to regional level. Similarly it discusses the roles and responsibilities, structure, role of institutional leadership and the institutional capacity of RDHS as a prelude to the fifth chapter.

The primary and secondary data analysis was done in the fifth chapter. As per the first research question of this study, the implementation level of MfDR as a PMS at the RDHS was examined and the findings revealed that the implementation level is not at a satisfactory level. The second question was to examine the extent to which the leadership role, institutional capacity and the administrative culture of RDHS affect the successful implementation of MfDR. The findings revealed that the leadership role and the administrative culture have been negatively affected and therefore, the implementation of MfDR is problematic at the regional level. On the other hand, the instructional capacity of RDHS has had a positive influenced on it.

Though there are discrepancies between the central government and the provincial governments with regard to the distribution of financial and other resources, the public sector performance management is challenged not entirely due to its lack of financial capability but because of the delays seen in the decisions of the leaders at both national and provincial levels. The most important decisions related to PMS are not taken by the RDHS itself and it is a role of bulk of institutions and therefore delays of performances are often observed.

There are no adequate human resources available at the regional level even though the pattern of distribution of human resources is decided by the Line Ministry. However, the distribution is not based on the needs of the region. The strategic plan for human resource management was developed in 2009 for the period of 2009-2019 in order to manage the human resources in the health sector with the aims of the result-based management system. However, the process of implementation has failed to develop the competency of the health leaders and the other staff members. Though it was expected to change the traditional administrative practices through the capacity development of the human resources, the expected outcomes cannot be seen.

In conclusion, it is evident that the present study validates the designed hypothesis. Due to the poor role played by the leaders in designing and implementing MfDR and the inadequate changes occurred in the administrative culture, the implementation of MfDR has become feeble. The sole improvement of the institutional capacity in terms of physical equipment—techniques and technology, number of the staff members, financial capability etc. is not sufficient. The improvement levels of these three independents variables are equally significant for the successful implementation of a performance management system in the public sector organizations.

6.2. Suggestions

Several suggestions derived from the study can be mentioned as follows.

1. Cascading national level policies, resources and methods to the regional level is not adequate and the supervisory role of the Line Ministry should be further enhanced in terms of improving their capacity and to follow up the performances of the workforce of the regional level public sector institutions.

2. The mutual support expected from both central and provincial governments in the institutionalization process of MfDR has been neglected by the Line Ministry and therefore the attention of the Line Ministry should be given for this purpose.

3. The provinces should be strengthened with the power of staff development and management.
4. The implementation of the PMS in the public sector will be very much pragmatic if a separate committee has vested with well-defined powers to supervise the entire line ministry level, provincial and district level activities including the change agents' roles. The membership of that committee should include the different stakeholder participation—national and provincial level politicians and bureaucrats, representatives from funding agencies, etc.

6.3. Future Research Areas

During the field research it was revealed that, though there are no reductions of privileges received by the public sector officials, it is unable to manage their institutional behavior towards a performance oriented culture due to the influences of the professional unions. It will be useful to do a study on why and how those influences are preceded. Furthermore, it was identified that the power distance is fairly high between the health administration and non-health administration in Sri Lanka and due to the internal conflicts among them the institutional activities often get delayed. A study can be conducted to identify the reasons behind this power gap. In addition, the multi layers which exist in the political and administrative structure of the country are versus the effective implementation of a performance management system.

References

Administrative Reform Committee, (1987), "Reform of the Personnel System", *Report no- 04 of the Administrative Reforms Committee,* Colombo 01: Department of Government Printing.

Ahsan, A.K. Mohammad Shamsul, et al (2009), *Performance Management*, Korea: KMAC.

Aminuzzaman, Salahuddin M., (2011), *Essentials of Social Research*, Dhaka: Osder Publication.

Bandaranayake, Don. (2001), *Assessing Performance Management of Human Resources for Health in South-East Asian Countries: Aspects of Quality and Outcome*, Switzerland, Geneva: World Health Organization. Available at: http://www.who.int/hrh/en/Assessing_performance.pdf [Accessed on 19/03/2014].

Boland, Tony and Fowler, Alan, (2000), "*A systems perspective of performance management in public sector organizations*", [Online] Available at: http://www.hrd.nida.ac.th/fileupload/paper/teacher/6.2.%20Boland%20and%20Fowler%202000%20A%20Systems%20Perspective%20of%20PM%20in%20P.pdf [Accessed on: 23/ 01/ 2015].

Boland, Tony and Silbergh, David, (1996), "Managing for quality: the impact of quality management initiatives on administrative structure and resource management processes in public sector organizations", in International Institute of Administrative Sciences (ed), *An International Journal of Comparative Public Administration*, London: Sage Publications.

Brignall, Stan and Modell, Sven, (2000), "An institutional perspective on performance measurement and management in the 'new public sector'", *Management Accounting Research*, 11**,** 281–306, [Online] Available at: http://nurmandi.staff.umy.ac.id/files/2012/02/10.1.1.108.71611.pdf [Accessed on : 23/01/2015].

Bruijn, Hans de, (2003),"Output steering in public organizations: about the use of a product approach and a process approach", *Managerial Auditing Journal*, Vol. 18 Iss 4 pp. 303 – 312, [Online] Available at: http://dx.doi.org/10.1108/02686900310474325 [Accessed on: 10/10/2014].

Bruijn, Hans de, (2007), *Managing Performance in the Public Sector*, USA: Routledge.

COOK, THOMAS J., et al (1995), "Performance Measurement: Lessons Learned for Development Management", *World Development*, Vol.23, No.8, pp. 1303-1315., Available at: Compendium on Theories and Approaches of Public Administration-2014, Bangladesh: MPPG Programme, Department of Political Science and Sociology, North South University.

College of Medical Administrators of Sri Lanka (2012), "Reforming Strategic Management of Human Resources for Health", *Sri Lanka Journal of Medical Administration,* vol. 14, 2012 [Online] Available at: http://sljma.sljol.info/articles/abstract/10.4038/sljma.v14i0.5344/ [Accessed on: 06/12/2015].

Daft, Richard L. and Marcic, Dorothy, (2004), *Understanding Management*, Australia: Thomson-South Western.

Dangalla, Athula, (2015),"Restructuring Primary Level Health Care Curative Services", *Sri Lanka Journal of Medical Administration*, vol-17, Sri Lanka Medical Administration Forum.

Department of Census and Statistics-Sri Lanka, (2015), *Revised Mid-year Population Estimates by District and Sex 2012 – 2014*, [Online] Available at: http://www.statistics.gov.lk/PopHouSat/VitalStatistics/MidYearPopulation/Mid-year%20population%20by%20district.pdf [Accessed on: 31/10/2015].

Department of Foreign Aid and Budget Monitoring; Ministry of Finance and Planning, (2011), *Managing for Development Results; Organization Implementation Manual*, Department of Foreign Aid and Budget Monitoring; Ministry of Finance and Planning, Colombo, Sri Lanka, [Online] Available at: http://www.pmm.gov.lk/resources/MfDR_Organization_Implementation_Mannual_%5Ben%5D.pdf [Accessed on 13/02/2015].

Dileep, Kumar. M, (2006), "Impact of Organizational Culture upon Employees and Employer's Behaviour", *A Thesis submitted to Mahatma Gandhi University in partial fulfillment of the requirements for the award of the degree of Doctor of Philosophy in Behavioral Sciences* (MSW), School of Behavioral Sciences, Mahatma Gandhi University, Kerala, India.

Dormer, Rodney and Gill, Derek, (2009), *Managing for Performance in New Zealand's Public Service – A Loosely Coupled Framework?,*[Online] Available at: http://igps.victoria.ac.nz/events/Ongoing_research/M4P/A_Loosely_Coupled_Framework.pdf [Accessed on: 23.01.2015].

Dwivedi, O.P., (N.D.), "Administrative Culture and Values: Approaches", [Online] Available at: http://www.desitterpublications.com/books/images/admin_intro.pdf [Accessed on 23/02/2015].

Fernando, Joel, (2002), "Functional Perspective", *Health Sector in Sri Lanka: Current Status and Challenges,* University of Colombo: Health Development and Research Programme.

Funkhouser, Mark, (2004), "Performance measures" in *Encyclopedia of Public Administration and Public Policy*, (ed) David Schultz, New York: Facts on File (Library of American History).

Friedrichsen, Sharon, (2004), "Performance measures" in *Encyclopedia of Public Administration and Public Policy*, (ed) David Schultz, New York: Facts on File (Library of American History).

Gamagedara, Nimal, (2015), Provincial health decision making.[Interview] 12th August 2015.

Goddard, Maria and Mannion, Russell, (2004), "The Role of Horizontal and Vertical Approaches to Performance Measurement and Improvement in the UK Public Sector", *Public Performance & Management Review*, Vol. 28, No. 1, pp. 75-95 Published by: M.E. Sharpe, Inc. [Online], Stable URL: http://www.jstor.org/stable/3381210 [Accessed: 20/11/2014].

Government of India, (2011), *National Conference on Human Resource Management - Towards competency-based performance management for the Civil Service,* Available at: http://ccis.nic.in/WriteReadData/CircularPortal/D2/D02trn/Circular_21Nov11_1.pdf [Accessed on 13/04/2014].

Ghorbani, Mahmood and Razavi, Nazanin Homaye, (2011), "The Study of the Relationship between Organizational Culture and Conflict Management", *Middle-East Journal of Scientific Research* 10 (6): 711-717, © IDOSI Publications, [Online] Available at: http://www.idosi.org/mejsr/mejsr10(6)11/6.pdf [Accessed on: 10/04/2014].

Hofstede, Geert, Hofstede, Gert Jan and Minkov, Michael, (2010), *Culture and Organizations; Software of the Mind*, New York: McGraw- Hill.

International Development Association, (2013), Document of the World Bank; Sri Lanka: Second Health Development Project (Report No; 75250LK), Human Development Unit: South Asia Region.

Jayasuriya, Lucian, (2002), "Organizational Structure and Management", *Health Sector in Sri Lanka: Current Status and Challenges*, University of Colombo: Health Development and Research Programme.

Jayatissa, Renuka and Fernando, Dulitha, (2011), *Landscape Analysis to Accelerate Actions to Reduce Maternal and Child Under Nutrition Sri Lanka,* Medical Research Institute in collaboration with World Health Organization, Ministry of Health, Sri Lanka, [Online] Available at: http://www.who.int/nutrition/landscape_analysis/SriLankaLandscapeAnalysisCountryAssessmentReport.pdf [Accessed on 12/02/2015].

Jayatunge, J.A.K.N. (2006), "A Study of effectiveness of existing performance appraisal system in public sector with special reference to the Ministry of Urban Development and Water Supply", *A thesis submitted in partial fulfillment of the requirement for the degree of Master of Public Management (Thesis No. MPM-04-111*), Colombo: School of Postgraduate Studies, Sri Lanka Institute of Development Administration.

Kandula, Srinivas R., (2010), *Performance Management Strategies, Interventions, Drivers*, New Delhi: PHI Learning Private Limited.

Kumara, M.H. Ajantha Sisira and Handapangoda, Wasana S, (2008), "New Public Management: The Level of Preparedness and Implementation - A Study based on the Sri Lankan Context", *JOAAG*, Vol. 3. No. 2., [Online] Available at: http://joaag.com/uploads/2a_Case_KumarFinal3_2_.pdf [Accessed on 13/02/2015].

Laegreid, Per., Roness, Paul G., and Rubecksen, Kristin., (2005), "Performance Management in Practice : The Norwegian Way", Department of Administration and Organization Theory, Rokkan Centre, University of Bergen, [Online] Available at: http://soc.kuleuven.be/io/cost/pub/paper/EGPABern22.pdf [Accessed on : 23.01.2015].

Lam, Jermain T. M. (1994) "Administrative Culture and Democracy in Hong Kong", *Asian Affairs,* Vol. 21, No. 3, pp. 166-181, Published by: Taylor & Francis, Ltd. [Online] Available at: Stable URL: http://www.jstor.org/stable/30172220. [Accessed: 07/05/2014].

Larbi, G.A., (2003), "Overview of Public Sector Management Reform**"**, United Nations Research Institute for Social development, *Discussion paper 112*, [Online] Available at: http://siteresources.worldbank.org/INTROADSHIGHWAYS/Resources/338993-1115316483571/3-public_sector_mgmnt_reform.pdf [Accessed on: 23/01/2015].

Lewis, Dianne, (2001), "Organizational Culture―theory, fad or managerial control?" in Retha Wiesner and Bruce Millett (eds) *Management and Organizational Behavior,* New York: John Wiley & Sons Australia, Ltd.

Lussier, Robert N., and Hendon, John R., (2012), *Human Resource Management: Functions*, *Applications, Skill Development*, London/ Washington D.C./ New Delhi: Sage Publications Ltd.

Ministry of Health, Highways and Social Services, (1996), *Manual of Management for Provincial Directors*, Government of Sri Lanka.

Ministry of Health, (2013), *Performance and Progress report 2012-2013*, Government of Sri Lanka.

Ministry of Health, (2014),"Sectorial policies and legal tools", *General Circular No-02-105/2014*, The Government of Sri Lanka.

Ministry of Plan Implementation, (2008), *Results Focus: Special Issue for ACCRA HLF 3*, [Online] Available at: http://www.pmm.gov.lk/resources/Results_Focus-Special_Issue.pdf [Accessed on: 09/08/2015.]

McCourt, Willy, (n.d), “Find a way forward on public employment reform: A Sri Lankan Case Study”, University of Manchester: Institute for Development Policy and Management, Available at:http://www.gsdrc.org/docs/open/cc99.pdf [Accessed on 10/04/2014].

McKevitt, David, Millar, Michelle and Keogan, Justin F., (2000), “The Role of the Citizen-Client in Performance Measurement: The Case of Street Level Public Organization (SLPO)”, *International Review of Administrative Sciences;* 66; 619, SAGE Publications on behalf of the International Institute of Administrative Sciences, [Online] Available at: http://ras.sagepub.com.

National Productivity Secretariat, (2015),“International Seminar on Performance Management for the Public Sector”, [Online] Available at:http://www.productivity.lk/index.php/programs/public-sector/international-seminar-on-performance-management-for-the-public-sector.html [Accessed on 06/09/2015].

Neely, Andy; Gregory, Mike and Platts, Ken, (2005), “Performance measurement system design: A literature review and research agenda”, International Journal of Operations and Production Management, Vol. 25, No. 12, pp. 1228-1263, Emerald Group Publishing Limited, [Online] Available at: http://www.researchgate.net/profile/Andy_Neely/publication/235309521_Performance_measurement_system_design_A_literature_review_and_research_agenda/links/0deec53236ff0f2531000000.pdf [Accessed on: 01/10/2015].

OECD Website, “Paris Declaration and Accra Agenda for Action”, [Online] Available at: http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm [Accessed on: 26/ 02/2015].

Opatha, H.H.D.N.P., (2013), “Towards a Sound Performance Appraisal System: An Agenda for Action”, *Sri Lankan Journal of Human Resources Management Vol.4, No.1, 62-78.2013*.
Available at:https://www.google.com/#q=Towards+a+Sound+Performance+Appraisal+System%3A+An+Agenda+for+Action+Prof.+(Dr.)+H.H.D.N.P.+Opatha [Accessed on 22/03/2014].

Pekuri, Aki; Haapasaloo, Harri and Herrala, Maila, (2011), “Productivity and Performance Management – Managerial Practices in the Construction Industry”, *International Journal of Performance Measurement,* Vol. 1, 39-58. [Online] Available at: http://performancesforum.org/IJPM%20(Vol.%201)/IJPM%20(Vol.%201,%20pp%2039-58).pdf [Accessed on: 06/10/2015].

Petrie, Murray,(2002), *A Framework for Public Sector Performance Contracting*, Head of Publications Service, OECD Publications Service, France.

Pietro, Loredana Di and Virgilio, Francesca Di, (2013), “The Role of Organizational Culture on Informal Conflict Management”, *International Journal of Public Administration*, 36:13, 910-911, DOL:10.1080/01900692.2012.701150., Available at: Compendium on Organization Theory and Behavior-2014, Bangladesh: MPPG Programme, Department of Political Science and Sociology, North South University.

Postgraduate Institute of Medicine Website, (2015), "Performance", [Online] Available at: http://pgim.cmb.ac.lk/?page_id=1049 [Accessed on: 06/12/2015].
Postgraduate Institute of Medicine, (2013), Prospectus-2013: Master of Science in Community Medicine, [Online] Available at:http://pgim.cmb.ac.lk/wp-content/uploads/2015/10/Pros-MSc-Com-Med-2013-finel-version.pdf [Accessed on: 06/12/2015].

Postgraduate Institute of Medicine, (2011), Prospectus 2011, [Online] Available at: http://pgim.cmb.ac.lk/wp-content/uploads/2014/04/medAdminMsc.pdf [Accessed on: 06/12/2015].

Provincial Directorate of Health Services-Uva, (2008), *Annual Health Bulletin*, [Online], Available at: http://www.healthdept.up.gov.lk/images/downlods/introduction.pdf [Accessed on: 10/08/2015].

Provincial Directorate of Health Services-Uva (2011), *Annual Health Bulletin*, Planning Unit-PDHS-Office.

Quality Environment (5S) STEP BY STEP IMPLEMENTATION, (N.D), Available at: http://www.miti.gov.my/storage/documents/f71/com.tms.cms.document.Document_697e972b-c0a81573-10311031-8bd8e4fb/1/QE%20%20Step%20by%20Step%20Implementation.pdf [Accessed on: 04/04/2014].

Rannan-Eliya, Ravi P. and Sikurajapathy, Lankani, (2009), *Sri Lanka: "Good Practice" in Expanding Health Care Coverage,* Research Studies Series, Number 03, Colombo: Institute for Health Policy.

Regional Directorate of Health Services-Badulla,(2009), *District Health Plan-2009*, Planning Unit-RDHS, Badulla, Uva Province.

Regional Directorate of Health Services-Badulla, (2013), Cadre Information up to 31st Dec.2013: RDHS-Planning Unit.

Regional Directorate of Health Services-Badulla, (2015), National Productivity Awards-2014 (Public Sector): Regional Directorate of Health Services-Badulla.

Robbins, Stephen P. and Judge, Timothy A., (2013), *Organizational Behavior*, New York: Pearson Education, Inc.

Salminen, Matti. And Viitala, Marja-Leena, (eds) (2006), *Handbook on Performance Management*, Finland: Ministry of Finance.

Secretariat of the Asia-Pacific Community, (2009), Moving from Concept to Action: Asian Experiences on Managing for Development Results, Philippines: Asian Development Bank, [Online] Available at: https://wpqr4.adb.org/LotusQuickr/copmfdr/PageLibrary482571AE00516AA5.nsf/0/77C951B36BAE8FA2482576AF002C083B/$file/CoP-MfDR2009Publication.pdf [Accessed on: 04/03/2015].

Sivagnanasothy, Velayuthan, (N.D), "Monitoring and Evaluation System in Sri Lanka: Experiences, Challenges and the Way Forward", [Online] Available at: http://siteresources.worldbank.org/INTLACREGTOPPOVANA/Resources/Paper_Velayuthan_Sivagnanasothy.pdf [Accessed on: 13/02/2015].

Sivagnanasothy, Velayuthan, (2009), "Monitoring and Evaluation System in Sri Lanka: Experiences, Challenges and the Way Forward", *Moving from Concept to Action: Asian Experiences on Managing for Development Results,* Asian Development Bank, [Online] Available at: https://wpqr4.adb.org/LotusQuickr/copmfdr/PageLibrary482571AE00516AA5.nsf/0/77C951B36BAE8FA2482576AF002C083B/$file/CoP-MfDR2009Publication.pdf [Accessed on: 04/03/2015].

Shahzad, Fakhar, et al (2012), "Impact of Organizational Culture on Organizational Performance: An Overview", *Interdisciplinary Journal of Contemporary Research in Business,* VOL 3, NO -9, Institute of Interdisciplinary Business Research, [Online] Available at: http://www.journal-archieves14.webs.com/975-985.pdf. [Accessed on:10/04/2014].

State of Oklahoma Office of Personnel Management, (March 1999), *Performance Management Process Handbook*, Clearinghouse of the Oklahoma Department of Libraries.[Online] Available at: http://www.ok.gov/opm/documents/handbook.pdf [Accessed on 01/03/2014].

Uva Provincial Department of Health Services Website (2014), "*Health Institutions*", [Online] Available at: http://www.healthdept.up.gov.lk/index.php?option=com_content&view=article&id=69&Itemid=48&lang=en [Accessed on: 24/02/2015].

Wang, XiaoHu and Berman, Evan, (2001), "Hypotheses about Performance Measurement in Counties: Findings from a Survey", *Journal of Public Administration Research and Theory: J-PART*, Vol. 11, No. 3, pp. 403-427, Published by: Oxford University Press on behalf of the Public Management Research Association, [Online], Stable URL: http://www.jstor.org/stable/3525823. [Accessed: 20/11/2014].

Annexure I: Tentative Questionnaire for the Survey

Date:-…….

A Survey on the Performance Management System in the Public Sector in Sri Lanka: A Study on the Regional Directorate of Health Services (RDHS)—Badulla

[The questionnaire data will only be limited to the research purpose and I will ensure the confidentiality of data which you present and Please be kind enough to fill out all questions. You can add comments or seek further clarifications to any of the questions or skip any question which you do not prefer to answer. Thank you for your cooperation.]

Section –I

1. Province: …….
2. District: ……
3. Age: ……..
4. Gender (Male/ Female):
   ……
5. Designation and Working Section of the Institution:
   ……
   …….....
   .....
6. Length of experiences working in the public sector (Years):
   ……..…….....
7. Academic Qualifications:

Level of qualifications	Name of the Institution (Please include the subject field of A/L, Diploma and Degree)	Year of pass or the graduation
G.C.E. (O/L) examination		
G.C.E. (A/L) examination		
Diploma		

Bachelors		
Masters or above		
Schooling up to grade 08/09/10		
No schooling (but can read and write)		
Others		

Section-II

8. Please tick (✓) in the appropriate box based on your views on the following statements.

   1=Strongly Agree, 2=Partly Agree, 3=Agree, 4= Quite Disagree, 5= Strongly Disagree, 9= Don't Know

No	Statements	1	2	3	4	5
8.1	The RDHS has a well-established Performance Management System (PMS).					
8.2	The components of the PMS are well integrated each other (Direction setting—identifying Vision, Mission, Thrust areas, Goals and Key Performance Indicators), Planning, Implementation and Review.					
8.3	The designing process of the PMS has been done by the institution itself.					
8.4	The PMS has affected to change the traditional administrative practices.					
8.5	There are logically established performance measures to measure the outputs and outcomes to inputs of the institution.					
8.6	There is no overlapping of administrative functions.					
8.7	Managing for Developmental Results (MfDR) is the main performance management tool that your institution has been followed.					

9. Please rate your involvement in doing following activities according to the given scale.

   1= Very regular, 2= Often, 3= Sometimes, 4= Rarely, 5= Not at all

No	Activities	Your Rate
9.1	Direction Setting Stage—identifying Vision, Mission, Thrust areas, Goals and Key Performance Indicators.	
9.2	Planning Stage—identify strategies and actions.	
9.3	Implementation Stage—deliver interventions and monitor progress.	
9.4	Review Stage—assessing the efficiency, effectiveness, impacts and sustainability of work.	

10. Please rate your judgments on following statements according to the given scale.

    1=Strongly Agree, 2=Partly Agree, 3=Agree, 4= Quite Disagree, 5= Strongly Disagree, 9= Don't Know

No	Statements on Institutional Capacity	Your Rate
10.1	The current role of the Regional Directorate of Health Services has expanded compared to the few years back according to that expansion; the office has given enough space and other physical resources.	
10.2	The progress of the institutional functions has increased due to the well-established performance management system.	
10.3	The individual role of each officer strategically goes with the institutional targets.	
10.4	The institution has strengthened with enough legal capacity to perform well.	
10.5	The increase of human and physical resources in the office can be seen due to the implementation of the PMS.	
10.6	The performance targets set in consultation with the subordinates/subordinate offices and made realistic based on the mutual discussion, reviewed annually either to give or hold	

	rewards.	
10.7	The Office of the RDHS always tries to maintain the customer friendly environment.	
10.8	The PMS has positively affected to change the negative attitudes of the officials.	
10.9	Cooperation of all staff members and commitment of the authorities with financial capabilities are the reasons behind the success of the result-based management in the district health activities.	

11. Some researchers have found that administrative culture has significant impact on the management of institutional processes and practices. Could you please let the researcher to know about to what extent that administrative culture affect/ influence towards managing institutional performances. Please tick (✓) in the appropriate box based on your judgment on the given statements by using the given scale.

    1=Strongly Agree, 2=Partly Agree, 3=Agree, 4= Quite Disagree, 5= Strongly Disagree, 9= Don't Know

No	Statements on Administrative Culture	1	2	3	4	5
11.1	The rigid laws and regulations and the hierarchical relationship is a challenge to go for a performance oriented culture in the institution.					
11.2	Traditional attitudes of the officials can be a threat to the continuation of the performance management system.					
11.3	Political influence still exists in decision making and implementation level.					
11.4	Due to overlapping of decisions which are taken by the central level and provincial level health institutions and therefore it is disturbing the day-to-day activities of the RDHS.					
11.5	The strict control on subordinates by the leadership is necessary to change the traditional working pattern.					
11.6	The present institutional context leaves little room to implement PMS strictly.					

12. If you engage in following activities, please mention the approximate time that you usually spend.

No	Activity **Staff management**	% of time spent
12.1	Staff selection.	
12.2	Staff appraisal, Training, Motivation.	
12.3	Designing a Reward System.	
12.4	Implementation review and attaching it to performance based pay.	
Total		**100%**

No	Activity **Financial management**	% of time spent
12.5	Designing new programmes and activities to collect funds from the provincial and central budgetary allocations.	
12.6	Identify the financial gaps and the workload which was unable to implement due to that financial constraints.	
12.7	Handling the uncertainty situations due to financial factors.	
12.8	Distributing the financial resources to the subordinate agencies considering the demands of those institutions.	
	Total	**100%**

13. Please rate your judgments regarding the following statements on the Office of the Regional Director of Health Services following the given scale.

    1=Strongly Agree, 2=Partly Agree, 3=Agree, 4= Quite Disagree, 5= Strongly Disagree, 9= Don't Know

No	Statements	Your Rate				
		1	2	3	4	5

13.1	The RDHS Office use to consult its subordinate offices and your institution in its target setting, measuring performances and the evaluation.					
13.2	Its service delivery mechanism is very efficient.					
13.3	Equal consideration for all subordinate offices can be seen in its service distribution.					
13.4	The RDHS Office as the leading institution of the District provides physical, financial, human resources timely according to the needs of the subordinate offices.					
13.5	Since there are no repetitions of activities in each administrative sections of the RDHS Office, the other vertical and horizontal public and private sector institutions can easily get the day-to-day administrative services efficiently.					
13.6	No need any kinds of affiliations, materials, money and other privileges to get services from the RDHS Officials.					
13.7	The RDHS Office is very much active in doing its role as a facilitator, leader, and advisor to enhance the health activities of the people of the given region.					
13.8	The commitment of the leadership is the prime mover in designing and the implementing the performance management system of the RDHS.					

Section III

14. Do you think that your participation is highly encouraged by the leader of your institution in setting institutional targets/goals?

1. Yes ☐ 2. No ☐

15. Do you think that the leadership is giving enough effort to manage institutional performances?

1. Yes ☐ 2. No ☐

16. Do you think that you have enough freedom to perform your duties?

1. Yes ☐ 2. No ☐

17. Are you well satisfied with your current position and the given duties in your institution?

1. Yes ☐ 2. No ☐

18. Do you think that you have given the most suitable duties based on your professionalism or other skills?

1. Yes ☐ 2. No ☐

19. To what extent you find the training received so far relevant and proved effective in discharging your professional duties in conceptualizing and implementing PMS?

Very Relevant Not much relevant

1	2	3	4	5

20. How were the challenges that you face with the changes of the institutional activities towards establishment of the performance management system?

Very Challenging Not so much challenging

1	2	3	4	5

21. If it was a challenge, please let the researcher to know few reasons for that.

……
……
……
……
……
……
……

……
……
……

22. Do you think that the PMS really affect to create a new institutional environment?

1. Yes ☐ 2. No ☐

23. If yes, please write few reasons for that.

……
……
……
……
……
……
……
……
……

24. How did you incorporate with the Performance Management System of the RDHS?

……
……
……
……
……
……

25. Are you really satisfied with the Performance Management System of the RDHS? If not, please mention the reason or reasons.

……
……
……..