

PERFORMANCE MANAGEMENT IN THE SLOVAK HIGHER EDUCATION SYSTEM: PRELIMINARY EVALUATION

Juraj Nemec

Faculty of Economics, Matej Bel University

The aim of our paper is a preliminary evaluation of the introduction of performance management and performance financing arrangements in the Slovak higher education system – accreditation and formula based performance financing. This evaluation will be mainly based on the assessment of short-term impacts of the above mentioned instruments and is expected to invite further professional discussion.

We feel that the data and brief analysis included are sufficient enough to show that the Slovak system represents a typical example of the potential of performance management and performance financing being significantly limited, if not destroyed. Not only because of improperly defined indicators, which are too much input and quantity orientated, but very much also due to a lack of resources (the ratio of public expenditures for higher education to the GDP in Slovakia is significantly below EU average), as well as the politicization of the system.

Keywords: *higher education system, Slovakia, new public management, performance evaluation, performance management, performance indicators*

Juraj Nemec—Faculty of Economics, Matej Bel University

Contact: Tajovského 10, Banská Bystrica, Slovakia; e-mail: juraj.nemec@umb.sk

Central European Journal of Public Policy

Vol. 1—№ 1—October 2007—pp 64–78

ISSN 1802–4866

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Introduction

The “New Public Management” (NPM) wave in the late 20th century gave impetus to the implementation of many market type mechanisms (MTM) in the public administrations and public services systems in a large number of developed countries – mainly those with Anglo-Saxon traditions. Performance evaluation and performance management for public employees and public organizations represents one such tool.

Recent evaluations of the experience with NPM (see Bouckaert, Lane and others) indicate that the success of MTM in the public sector was limited, and in any case MTM is not the tool that automatically improves performance. Thus the “new” challenges in the 21st century (to replace NPM rhetoric) are modern democratic governance and modernization of the public sector (see OECD 2005).

The aim of our paper is to make a preliminary evaluation of the introduction of performance management and performance financing arrangements (as New Public Management tools) in the Slovak higher education system – accreditation and formula based performance financing. This evaluation will be mainly based on the assessment of short-term impacts of the above mentioned instruments and we hope that it will stimulate further professional discussion.

The paper in its first parts briefly introduces a theoretical background for performance evaluation and performance management. The core part of the paper describes current mechanisms in the Slovak higher education system and sets two questions, evaluated in the analytical and synthetic parts.

Performance evaluation and management: Brief introduction

The start of the period of Central and Eastern Europe’s transition actually coincided with the general boom of the NPM movement. This public sector reform approach was variously referred to as “managerialism”, “market-based public administration”, “entrepreneurial government”, “post-bureaucratic model”, “goal achievement model”, and “user-oriented management” (see Tonnisson 2005) and was the result of both pushes (attempts to avoid crisis) and pulls (attempts to act more businesslike).

According to Lane (2000), NPM represents new approaches to how to govern the public sector and a coherent theory on how government may deliver public services, wishing to increase the efficiency and quality of service delivery. Keraurden and Mierlo (in Coombes and Verheijen 1997, 26) describe the important changes, characterizing the main developments under the NPM re-

gime, such as changing traditional “Weberian” bureaucracy, shifting from a process-oriented administration to an output-oriented administration, from a collective provision of public or social services to a flexible provision of individualized products and from spending to cost-cutting (less expensive and more effective and efficient government).

Many MTM arrangements started to be used in the public sector as part of a NPM type of reform, especially (OECD 1993) user-charges, co-payments, contracting, internal markets, vouchers, Build-Operate-Transfer (BOT) schemes, agencies, establishment of ownership rights, in some cases privatization, internal pricing, cost-centre management, performance evaluation and management, but their success was limited.

Concerning the general concept of NPM we may quote Tonnisson (2005): “There is a general belief that the principles of the approach may lead to less stable organizations and less dedicated public officials. In addition, they may blur distinctions between politics and administration; between public and private. That may affect public organizations in unpredictable ways by introducing unforeseen actors, roles and practices in the public sector. The outcome can be a higher level of adaptability and ‘local’ appropriateness but probably at the cost of inconsistent models and principles. As an outcome of NPM many public organizations in pro-NPM Western countries became more autonomous, but it also meant a greater fragmentation of service delivery, policy making and implementation”.

The experiences from the use of MTM in the public sector of the developed countries are different and there exist many examples of problems and failures connected with that issue. This situation calls for careful implementation in the transitional CEE countries, where several conditions are different to the so-called “standard” situation.

Performance evaluation and performance management

As indicated, performance evaluation started to be used in the public sector especially in connection with NPM initiatives in the last phase of last century, with the aim to improve the performance of public bodies (the principal agent theory was one of main sources behind it).

Performance evaluation deals with several key concepts (see Wright and Nemec 2003), especially with “3E” (Economy, Efficiency, and Effectiveness), the problem how to measure “product” (Outputs, Outcomes and Impacts), but also the quality of services delivered.

Performance evaluation represents the first (and sometimes the last) level of performance management. Its main problem is how to set “good” perform-

ance indicators and how to acquire the necessary quality of data obtained. There are at least three basic criteria for good performance indicators (Jones 1997):

1. Performance indicators shall be numerical.
2. Performance indicators must be used in a valid comparison situation.
3. Performance indicators shall be specific enough to enable the appropriate level of management to improve the respective indicator.

There are many possible forms of outcomes management and financing in the public sector currently used in the developed countries. One example might be the system of public agencies, at least in theory connected to their respective branch ministries by grants to pay for their activities (public orders) and by the control of their outputs and outcomes.

Another tool is performance-based budgets, which emphasize agency performance, objectives and accomplishments, and not the purchase of resources used by the agency. The budget process then has the dual role of providing funds and establishing performance objectives.

Internal markets, based on the principle of purchaser-provider split, such as health care or the education quasi-market in the United Kingdom, might be also counted as specific forms of performance financing (Klein 1992, Flynn and Gareth 1997).

Selected performance management tools in the Slovak higher education system: Accreditation and performance financing

Two main performance management tools are used today in the Slovak higher education system – accreditation, focusing (at least as its formal goal – see later) on quality of performance and formula based performance financing, trying to allocate public grants to universities in an objective way. Accreditation and performance financing, in their current form, were introduced by the new higher education law in 2002 (Law 131/2002). We briefly deal with these in the following text.

The Slovak system of accreditation of higher education programs

The accreditation process in Slovakia involves two levels of decision making. The main part of the process is realized via the Accreditation Committee (AC), a semi-independent advisory body of the Government of Slovakia. According to Law 131/2002 the goal of the AC is the independent monitoring, assessment

and evaluation of the quality of education, research, development and artistic performance of the Slovak higher education system. The AC formulates recommendation how to improve the performance of higher education, thereby supporting a better quality and efficiency of the system.

In reality, the main activity of the Accreditation Committee (www.akredkom.sk) is to implement the accreditation of study programs. The AC has its main decision making body and several subcommittees to evaluate study programs. The members of the AC and its subcommittees are higher education professors and practical experts, working on a voluntary basis (except of small administrative staff). After the AC decides, it submits all proposals to the Minister of Education, who has the last say on awarding the accreditation.

Accreditation is used in Slovakia mainly as a tool to select universities eligible for public grants/finance, with the formal goal to guarantee that only programs with acceptable quality will be included in the national higher education system. The general rule is that only nationally accredited programs can be supported from public funds.

At least two critical problems are connected with the Slovak accreditation process – its character and the system of accreditation criteria (see Nemec 2006). As regards its character the Slovak accreditation is exclusively a national accreditation (international experience and experts are not a regular part of the process); it has found itself under significant political influence, it is a probability based accreditation (based on the yes or no criteria), and its main outcome is the award of the right to deliver a degree.

Regarding the criteria, the following set (www.akredkom.sk) is used, which clearly fails to meet the necessary requirements for the performance evaluation criteria as described above:

1. The level of scientific activities of the school and its bodies participating in the program (minimum level is set in a descriptive way, not by indicators).
2. Sufficient material and technical equipment (the minimum concrete criteria is a library, other aspects are set in descriptive way, not by indicators).
3. Structure of academic staff (the requirements for sufficiency are set only in a descriptive way, not by indicators).
4. Quantity of academic staff (defined so as to make the maximum number of MA and BA theses per staff member at 10; MA theses can be supervised by a PhD or higher qualification).
5. The structure of committees for final state examination (the minimum requirement for the committee – two members must be internal associate professors (“docents”) or full professors).
6. Person responsible for the program (there must be a fulltime internal person responsible for the program, with proven experience in the field, suffi-

cient publications and teaching experience, below 65 years of age, at least a docent for BA and professor for MA programs).

7. The contents of the program (at least 3/5 of the curricula must be based on the national “Master Curricula”, the program shall provide necessary skills).
8. Length of studies (BA: 3–4 years, MA: 1–3 years)
9. Final theses (MA and BA levels shall include final theses of prescribed structure and length).
10. Selection of students (proper approach is set in a very descriptive way, not by indicators).
11. The requirements to pass examinations and to obtain a degree (proper approach is set in a very descriptive way, not by indicators).
12. The quality of graduates (expectations on graduates are set in very descriptive way, not by indicators).

This list of indicators used points to the main risks and pervasive effects concerning the quality of higher education in Slovakia. Most of the criteria is not transparent enough and could invite various interpretations, to help or to “kill”. It is also questionable, if all these criteria are genuine. For example, in many cases a 63 year old professor might mean, from the viewpoint of deliverables, much less than a 35 year old PhD.

Accreditation could be considered the performance management tool used in the higher education system. With the respect to this and to the above-mentioned main parameters of the Slovak higher education accreditation system, we may define the first important question, which will be discussed in this paper:

Q1: Does the Slovak accreditation system motivate better quality?

The Slovak system of performance financing of universities

The revenues of universities in Slovakia consist of two main sources – public grants/transfers and own incomes. For the allocation of public grants the Slovak Republic uses a formula based performance system of financing of universities, as one of outcomes of public finance reform, namely of the introducing of program budgeting. The specific mechanisms are based on the existence of several sub-programs constituting the total amount of public transfers for public universities in Slovakia. The system is as follows:

Program of Higher education, Science and Social Support to Students

- subprogram *Higher education* – grant to finance accredited study programs;
- subprogram *Higher education science and technique* – grant to finance research and development;
- subprogram *Higher education development* – grant to finance development needs;
- subprogram *Social support for students* – grant to provide support to students;
- subprogram *Targeted transfers*

Source: Ministry of Education

Universities transparently “compete” for public resources mainly in the first two subprograms, where historical and political allocations are marginal (as minimum 65% percent of the total amount of public grants was formula allocated in 2006 – Table 1) – via the following criteria:

- number of students (to calculate the final allocation, the number of students is weighted by the “program unit costs” and “quality” indexes),
- structure of publications in the previous year,
- number of successful research projects in the running year.

It is apparent that the current system of financing the Slovak higher education system possesses almost all features of a performance financing mechanism. With respect to this and the above described public grants allocation system we may define the second questions to be discussed by our paper:

Q2: Does the Slovak system of allocation of public resources to the higher education system motivate better quality, or does it only motivate an increase in the number of students? Have its short time results met expectations?

Preliminary evaluation of selected performance management tools in the Slovak higher education system

Based on the given questions, this part discusses selected outcomes and impacts connected with the use of selected performance management tools in the Slovak higher education system. We do not provide definite answers to our questions (indeed there may not exist definite answers to such questions), but

Table 1—Public transfers to higher education according to their allocation criteria (thousands Sk)

	2004	2005	2006
Grant to finance study programs	7,460,958	8,023,612	8,745,000
Allocated on historical base	200,191	194,987	175,488
Performance allocation: base number of students	5,411,894	5,074,840	5,205,415
Performance allocation: base scientific results	0	731,191	1,054,579
Salaries for internal PhD students	305,717	523,531	663,193
Specific allocations	160,131	155,760	257,374
Clinical departments	550,000	550,000	500,000
Capital transfer	701,000	750,000	750,000
Other allocation base	132,026	43,303	138,950
Grant to finance research & development	948,874	1,066,388	1,119,000
Allocated on historical base	95,889	0	0
Performance allocation: base scientific results	465,869	570,392	622,000
Grants for projects	355,000	450,000	480,000
Other allocation base	32,116	45,996	17,000
Grant to finance development needs	330,000	450,000	500,000
Grant to provide support to students	700,000	810,000	1,150,000
Total	9,438,000	10,349,000	11,514,000

Source: Ministry of Education

we indicate some important relations to motivate the research community for the further debate.

Does the Slovak accreditation system motivate better quality?

Let us to discuss two main outputs which might be derived as outcomes of the existing Slovak accreditation process.

National curricula

The members of the Accreditation Committee and its subcommittee are professors, predominantly recruited from established universities, who were mainly responsible also for setting the national curricula that must be followed by the concrete study program. Voice of experts from practice and from abroad in this process was very marginal, if any.

The outcome is expectable – in many cases the national curricula were not created on the basis of modern international practice but they just mirrored existing structures of established programs (supply driven curricula). Nor does the approved list of study programs, which can be delivered in the national higher education system, respect modern international practice – for example, many standard programs (such as public finance) are not included, and several “system specific” programs are codified (like public economics and services).

The national curricula are much too fragmented (many “small” courses) and still focus on direct education forms (lessons and seminars). Most programs derived from such curricula include over 20 direct teaching hours per week, much more than the current international practice, switching from direct lecturing to problem solving and homework.

Staff and its qualification

One of few specific accreditation indicators is the need to “have” an in-house docent or professor, who would represent a program. There are two interconnected problems – the existence of “flying” professors and docents and “artificial promotion”.

In spite of strict accreditation criteria, the situation in Slovakia, in 2006, was as follows (www.modernaskola.sk):

- The approximate number of professors in Slovakia was 1,200 and of docents 2,500
- However, 8,064 programs were accredited (!)

Such situation indicates that something is wrong about the accreditation system, as the main specific requirement is not respected in practice. An over-

view of guarantees was scheduled for 2007, but no specific measures to put things right were implemented.

Universities need professors and docents to serve as a guarantee of programs. One option is to artificially speed up the process of promotion, and there are too many indications that this is also happening in reality. Suffice it to mention one from them – the promotion criteria. As Ciaian et al. (2005) show, most economic faculties use rather soft criteria for the promotion of professors – in some cases a person is promoted without being the author of any article in an Web of Science international journal, while the required number of quoted articles in international journals for the promotion to professorship is 0–3. The Slovak president commented on this (Pravda, 26. 07. 2007): “Since 2004 I have named more than 350 professors of higher education. It had never been more simple to meet the criteria...”.

Findings

The accreditation process in Slovakia should serve mainly as a regulatory tool, which would oust low quality programs from the market or staying there for long. However, because of the problems discussed above, it renders poor service to this goal.

Moreover, Slovak accreditation limits the chance of progressive development of the higher education system (see the main goals of the Accreditation Committee, as formulated in the law). It allows too much subjective bias and includes too few international comparisons.

The odds are that accreditation is very much the fighting tool between new schools and the established ones in their search for public finance, rather than a positive public policy instrument. Established universities have too much influence on the process and this level of influence is normally misused to grant accreditation to their programs without real evaluation, and to block any new entrance into the “market”.

The accreditation process is also one of the purposes of “artificial” promotions of higher education docents and professors, promoting persons without any international import.

Does the Slovak system of allocation of public resources to higher education motivate better quality, or does it only motivate an increase in the number of students? Have its short time results met the expectations?

As indicated, public transfers represent the main source of income of Slovak universities and have developed as shown in Table 2 on page 75.

It was expected that qualitative weighting in allocation formula would motivate schools to focus on quality rather than the number of students. However, reality is different, as shown in Table 3.

A significant increase of newly accepted students might be a positive fact, but since the total amount of allocated resources increases very slowly, in fact marginally “faster” than inflation, the outcome is tragic – the grant per student has decreased significantly over the past five 5 years.

Since more than 80% of the running costs grant is allocated via this mechanism, pervasive motivation is created. The management of a higher education/high school can maximize the level of public grant by maximizing the number of accepted students. The outcomes are straightforward, and can be proved – facilities are overcrowded, the level of entry examinations is declining or such examinations are even cancelled and all those interested are accepted. The reduction of entry requirements and overcrowded facilities spell the risk of lower quality of the final product (especially if the ratio of acceptance and graduates is supervised by the ministry of education).

The 2002 higher education law also envisaged the system of public grants to be complemented by a significant increase of own revenues. As Table 4 indicates, this has scarcely happened (the table does not include unofficial sources, derived mainly from semi-legal fees paid by their part time students by many different channels).

Table 4—Public and own resources of universities/higher schools (thousands Sk)

	2000	2001	2002	2003	2004	2005
Public grants	5,845,870	6,472,289	6,816,340	8,631,711	9,831,900	10,349,388
Own resources	532,884	454,592	1,207,204	1,397,170	1,440,983	2,191,299
Total	6,378,754	6,926,881	8,023,544	10,028,881	11,272,883	12,540,687

Source: Ministry of Education

Scientific performance of the Slovak higher education system

Another important problem connected with the lack of resources and a proper system of allocation is a limited motivation for (and time devoted to) real scientific activity of a school – existing international rankings clearly show that Slovak universities do not receive points allowing them to be ranked for their scientific performance. In “Academic Ranking of World Universities – 2003”, prepared by the Shanghai Jiao Tong Institute of Higher Education (<http://ed.sjtu.edu.cn/ranking.htm>), no Slovak higher education establishment is

Table 2—Public transfers to public higher education 2002–2006 (mil. Sk, current prices)

	2002	2003	2004	2005	2006
Grant to finance study programs	5,825	6,660	7,460	8,023	8,745
Grant to finance research & development	584	638	948	1,066	1,119
Grant to finance development needs	378	370	330	450	500
Grant to provide support to students	648	650	700	810	1,150
Total	7,435	8,318	9,438	10,349	11,514

Source: Ministry of Education

Table 3—Number of newly accepted higher education students in Slovakia

	1990/91	1995/96	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
New full time students	13,404	20,809	24,279	24,270	26,974	24,150	32,488	35,542
% of new full time students from 18 (19) old population	15.9 %	21.8 %	27.2 %	27.2 %	30.4 %	27.2 %	36.7 %	41.3 %
New part time students	1,868	3,881	9,665	12,763	8,057	15,057	15,718	17,254
Total	15,272	24,690	33,944	37,033	35,031	39,207	48,206	52,796

Source: Ministry of Education

ranked between the world's top 500 universities. There are 585 teachers active at the Bratislava Institute of Higher Economic Education, yet they produced only three quoted papers in international journals, in 2006 (www.etrend.sk). In 2005, Slovakia's public universities employed a total of 10 065 teachers and 1 239 researchers. However, the number of publication register in the Web of Knowledge database per one creative persons was only 0.11 (ARRA 2006).

Findings

Our brief remarks clearly indicate that the performance financing system of Slovak universities has created many (unexpected?) pervasive effects but failed to yield the expected improvements. The most visible problem is the increase of the number of students – the universities, focusing on the increase of enrollment figures (as the simplest indicator to improve), have fallen in the “performance motivation trap”.

The motivation to maximize inputs (in Slovakia, this means the number of accepted students) and outputs (number of graduates) is the purpose for allocative inefficiency (Stiglitz 1988) of the higher education system. The allocation mechanism, in combination with there being no student fees charged in public schools, lead to a situation where both the producers (schools) and the consumers (students) do not behave in socially efficient way. Schools care about the quantity and quality of the process, and outcome is not the concern. Students demand more services than is feasible, as their costs are lower than their chance to succeed (especially if entering smaller regional schools) and their final post-study income is not so much determined by performance as their academic titles.

To prove that the quality of higher education graduates and their profiles are not in line with the “social needs” of the national economy (due largely to a poorly defined performance financing system) is not simple, due to the lack of primary research data on this issue (evidence of alumni and their carrier prospects is only exceptionally realized). However, there are sufficient indications (statements from the private sector, the statistics of relations between the finished study program and the final job position, and frequently also a brief review of curricula and syllabuses) showing that higher education in Slovakia is a supply based system, where schools offer programs without verification of real needs (just on the base of existing – mainly human – capacities).

Politicians and the managers of the system have come to appreciate some of these problems and are trying to cope. From 2007, a new system of “complex accreditation” should be introduced, focusing more on actual quality than the existing system. In addition, the weight of scientific results in the performance allocation of financial resources is increasing, but the trends already created will be very difficult to revert.

Conclusions

As indicated, our intention was not to present a comprehensive research paper with ready-made answers to stipulated hypothesis/research questions. Our goal was much simpler, as we aimed to provide the preliminary evaluation of the introduction of New Public Management based tools – performance management and performance financing arrangements in the Slovak higher education system, and to provoke discussions and deeper research on the relations between the current performance management tools in the Slovak and other education systems, and their outcomes and impacts.

In any case, we feel that our data and brief analysis are sufficient to show that the Slovak system represents a typical example of the potential of performance management and performance financing being significantly limited, if not destroyed. This is due not only to improperly defined indicators, which are too much input and quantity orientated, but largely also to the lack of resources (the ratio of public expenditures for higher education to GDP in Slovakia is significantly below EU average), and the politicization of the system.

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