APPLICATION OF QUALITY MANAGEMENT SYSTEMS AS A STRATEGIC TOOL IN PERFORMANCE EVALUATION

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Abstract

Quality management system according to international standard ISO 9001:2015 highlights the evaluation of performance. National and regional strategic documents define goals, priorities, measures and activities directed to encouraging sustainable economic growth, including rural development, for which funding are provided by national, regional and local budgets. Budgets of local and regional (territorial) administrations consists of general and specific part and plan of development programs as a third mandatory component prescribed by the Law. Plan contains descriptions of the program with performance indicators, goals and development priorities related to programming and budget organizational classification. Analysis of the program based on performance indicators are essential for argumentative business decision making. In other words, indicators confirm whether the program has achieved its purpose or not, i.e. whether the indicators were realistically and accurately defined.

The lack of established business practices in application of performance indicators in business decision making on administration level, was the motive for the conducted research of scientific and technical literature, which deals with these issues. The goal is to notice problems of defining indicators and its application in analysis for business decision making. Whereby a logical conclusion imposed was the possibility of using ISO 9001:2015 as a tool for successful management.

Keywords: rural development, performance indicators, quality management

1 INTRODUCTION

Dissatisfaction with the economic decline raises the question of success, but also need of the public administration reform because of its importance primarily in economic life and social development. Limited financial resources and the need to reduce public expenditure as the basis for economic recovery, assumes a paradigm shift on the spending of public money. Critical thinking no longer applies only to earmarked spending, but the realized long-term and short-term results. Consequently, the regional and rural development and analysis of performance measures and activities represent an interesting area for the scientific and professional community. The question is how to evaluate programs and projects? Analysis needs to show actions and measures for projects and programs that have achieved its objectives, information’s which programs did not achieve expectations, and how in future periods to reallocate money for the projects or programs to those investments that will significantly contribute to objectives achievements.

A significant part of the scientific and technical literature focus of interest focuses on the organization of national, regional and local governments. Pointing to the characteristics of the local government system in Croatia, as well as the underlying assumptions of development Koprić states that "the territorial structure of Croatian local governments is characterized by excessive complexity, lack of stability, imbalance, and lack of efficiency, weak growth potential and ensuring centralized mode of governance." (Koprić, 2010). Therefore the author proposes to cancel the belated historical models and acceptance of rational organization of the country.

County development strategy is the most important strategic documents of regional development. To support previously expressed opinions, as a basic limitation of development in the County, Development Strategy of Osijek-Baranja County defines that capabilities of counties to manage their areas development depends mainly on: jurisdiction of authorities, financial resources, institutional capacities for managing development, qualified human resources and developed methodology of action. ("Županijski glasnik", 89)
The key problem and the changes in the Croatian public administration Koprić systematize into four basic groups: "orientation, organization, motivation and implementation" (Koprić, 2016). Those groups could be understood only as an initial analytical element, and author points to the links. However, the key issue is "the existence of a strong resistance to change and modernization of administration in higher professional levels of the public administration, which reflects in unnecessary formalism and protraction, outdated modes of operation, rejection of innovations in procedures and techniques, and the rejection of good European practices and standards, and resistance to the administrative simplification. This bureaucratic resistance is sometimes glorified as fostering administrative traditions, sometimes supported by parts of the academic community " (Koprić, 2016) Earlier described characteristics of the system raises the question of success managing local, regional and rural development. The solution to this problem is visible in the work of Jurlina Alibegović and Blažević, who highlights the need to monitor performance indicators. Management of local development needs to create a monitoring and evaluation system based on input resources, on the results and effects in relation to specific and strategic objectives development. The authors do not stop on the findings, but their research carried out on a concrete example, with very concrete reflections. (Alibegović, Blažević; 2010)

Assessing the concept of evaluating the quality of governance Friday analyzes the capacity of executive authorities in the formulation and implementation of effective policies for the community. He concludes that "Overall the system of governance in Croatia is extremely low, especially when compared with the quality of democracy and public policy. Strengthening the capacity of the executive authorities in the shaping and implementation of public policies that are formed in the community, as well as the capacity for institutional learning and administrative reform, are a key prerequisite for increasing the efficiency and effectiveness of key economic and social policy. " (Petak, 2014).

Something different consideration success criteria provide research Ott and Bajo. Analyzing the effectiveness of fiscal decentralization Ott and Bajo indicate that it is not important where the budgeting functions have been performed, but how it is done. " (Ott, Bajo, 2001). After recognizing the problems of efficiency of Croatian local and regional budgets, these authors observed problems and propose recommendations to reform that includes performance indicators. ,,The system of performance in local units comes down to a comparison of planned and realized. There are individual examples of steps forward towards programs. However, it still does not follow the successful achievement of objectives, nor are the results of the program in terms of "produced" general good or citizen satisfaction. Information about performance does not have to be (and in the main are not) part of the documentation of the annual budget. The most important thing is to monitor the level of revenue and expenditure, and it is always in the forefront of balancing the budget and control of the borrowing of local government units. Local units do not keep up with expenditure in terms of individual activity or measure the effectiveness and costs of activities of investment and gain in the relationship, do not insist on quality, efficiency and management. Performance is not an imperative for the central government, and not local units. " (Ott, Bajo, 2001)

In other words, first of all it is necessary to change the paradigm of success. And although the way they are carried out activities identified as a key parameter, the available literature indicates that the analysis is not carried out, or if the conduct is not used sufficiently uplifted for business, but the question is how much the experience of countries that budget planning based on the measurement the results achieved can be used at the Croatian in the future.

2 BUDGET PLANNING BASED ON MEASUREMENT OBTAINED RESULTS

Stressing the importance of budget planning based on the results achieved by King believes that "the government must be guided by the needs and wishes of the citizens, and not their own rules and laws, taxpayers pay results, not effort, the government must present a better realization than in the general and specific objectives" . (King, 1995)
After the analysis Broom stresses that governments are trying to do business leading the criteria for success and although many governments recognized the success of the program implementation, the question is "visibility" of the expected results with the aim of monitoring and reporting on the results and their use in business decisions that will make them more reliable. The author analyzes the success of the implementation of projects in five countries, seeks to define what success is and how to use the experience for future business planning. (Broom, 1995) Respecting the King's recommendations, with the aim of measuring and improving the performance of the administration Melkers and Willoughby conducted an analysis of the budget in the federal US states. Analysis related to the request for application of budget planning based on the results of the rules and instructions for the preparation of the budget in the federal US states. As the performance criteria were used to input, process, output, outcome, efficiency and effectiveness. The analysis showed that the principle of budget planning based on the results applied in 47 of 50 countries. This business practice in most countries is giving effect to the application in a few years, and work stressed the need for application of such planning as "the foundation stone for the establishment of effective methods and the creation of sustainable financing system in the states." (Melkers, Willoughby, 1998)

With Van de Walle, F Cornelissen analyzed using performance measurement to business decision-making in the public sector. Directing their research to health and education services, these authors analyzed scientific and technical literature with the aim of finding answers about the extent to which service users (citizens) used measures of performance, operating results and reports to select institutions as providers of services. That is, identify the users of services institutions that are behind the results as reliable and affect whether these results on their choice. The second part of the study, refers to business decision-making politicians based on the reports of the successful implementation of projects. (Van de Walle, Cornelissen, 2016). Although the authors emphasize that it is not always sure how many reports on performance and performance measurement directly affect the quality service amounts belief that perform analyzes of success in cases where the set objectives were not achieved imposes the need to redefine priorities and the need for measuring the efficiency of the staff. (Joyce, Tompkins, 2002)

After confirming the indisputable point of view about necessity of using indicators in the implementation of business decisions, is the question of criteria. Although the analysis of such performance indicators generally applied input, output, efficiency, effectiveness, etc., It is questionable whether they are applicable to all situations of business decisions?

The strongest indicators of the statistical analysis, which can be used for a reasoned decision. One of the most complete analysis of this kind was conducted by Rasic Bakarić, Šimovic & Cowan in the analysis of economic indicators of the success of cities in Croatia. Statistical analysis was performed in 91 Croatian town and emphasizes the evaluation of performance at equal number of city governments and businesses that operate within them. "This paper specifically examines the economic performance due to the size of cities and its belonging to the counties and large geographical regions. In addition, the subject of analysis is the nature of the relationship of political parties that rule and the impact of these relations on the outcome of economic processes in the cities. The analysis used Levene test of homogeneity of variance, ANOVA and Sheffe post-hoc test. the results show that there are significant differences in the economic performance of cities, in which the most significant are the differences in the average share of tax revenues in total revenues and receipts that are persistent in the different attribute characteristics of cities. " (Rašić Bakarić, Šimović, Vizek, 2014)

General acceptability of performance indicators in an attempt to find a consensus between all stakeholders in defining the criteria, the application creates a general belief on performance and reliability of the public sector, administration or government. The basis of consensus consciousness administration to the image of reliability is crucial in the selection of services. In order to achieve reliability management must establish an integrated management, based on results in focus and defining measures and actions needed to achieve them as well as checking 39 indicators that according to the author holders of business decision-making, according to the experience and "common sense" can not be bypass. (Gadsen, 2015) Recognizing the role
and importance of the quality management system according to ISO 9001 co-authors of the introduction of the International Agreement IWA 4 to ISO 9001: 2000 state that the application of standards allows management the confidence of citizens that their needs and expectations to be recognized and that they will be realized in real terms. (ISO)

The most important document is the result of consensus of 82 participants from 18 different countries that are considered the suggestion success criteria administration (national, regional and local) is the result of 20 years of experience and research administration Gadsen. The criteria are divided into four basic categories: institutional development, sustainable economic development, sustainable environmental development and inclusive social development. For each of the categories defined threshold for eligibility or level of recognizable success. That is the limit below which should not be the quality of the service provided. (Gadsen, 2015)

![Check Up System for Reliable Local Government](image)

Figure 1. The check up system for reliable local government. Source: Quality management systems — Guidelines for the application of ISO 9001:2008 in local government

And although the core focus of gathering the motive of those in power about the criteria considered by users as necessary, but also the lowest level that must be obtained guidance resulted with several beneficial effects: those in power give a strong strategic tool checks your own performance, define the criteria and areas which end users perceived as the most important in all aspects of business decision-making and evaluation of included end users.
3 IMPLEMENTATION OF A QUALITY MANAGEMENT SYSTEM FOR IMPROVEMENT OF MONITORING SYSTEM PERFORMANCE

The implementation of quality management systems at all levels of management, indicates the commitment of the Management Board to its own management measures and checks in accordance with international principles. This ratio shows the level of maturity in recognizing social responsibility based primarily on the responsible use of public money. Furthermore, the application of this system facilitates the implementation of budget planning based on the results, and the chart of business decision-making is shown below.

![Plan-do-check - act circle in ISO 9001:2015](source)

Figure 2. Plan-do-check – act circle in ISO 9001:2015; Source: Čandrlić-Dankoš, I; Malenica, D; Grujić, O.; Linić, M.; Izmjene sustava upravljanja kvalitetom koje donosi ISO 9001:2015 u jedinicama lokalne i regionalne samouprave; Zadar, 2015.

4 CONCLUSION

Management of public funds raises the question of responsibility, with the multi-functional administration imposes the need for continuous review of performance against the institutional development, sustainable economic development, sustainable environmental development and inclusive social development. The selection and implementation of programs and projects must be based on the evaluation of the achievement of goals, and if they are not realized or program did not achieve the planned results is necessary to conduct analysis and make a business decision whether the goals are set realistically, whether the performance indicators set realistically, if there are any programs / projects that can be made better, or whether the existing program / project to improve and / or justified by them to give up. The experience of the application of the quality management system according to ISO 9001 shows a gradual build trust in government, business decision makers enables transparency in the handling and reasoned confirmation vote.
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