

Management and Performance Evaluation of the Employees in the Municipalities of North Macedonia

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Abstract: The paper's main purpose is to identify the present state and performance management efficiency. It includes a system of appraisal in the organisation of local government in North Macedonia. There is a lack of a management system of performance and appraisal system in the sectors of government. In the private sector, performance management is implemented appropriately. If the comparison is done public sector officials have achieved less compared to the private sector. The secondary qualitative research method is applied in this paper. Questionnaire and interviews have also been considered. A scheme of performance management in the municipalities of North Macedonia might improve public sector productivity. It can also enhance the national living and function of the overall system. The research is modulated to present a different outlook on the study. Productivity and engagement of employees can be boosted. Communication, training and evaluation play a significant role. Financial security is also essential to motivate employees. Salary needs to be increased and digitalisation has gain a significant position in the public organisations.

Key words: Performance Management, Governance, Municipalities, Public sector, Public Enterprises

1 Introduction

The employees are the basic elements of an organisation and they require special attention from the top management of the organisation. The evaluation of the employees is significant data that has to be modulated by the municipalities and kept a record of. Keeping track of the employees is an essential part of the concern for the organisations to have a clear outlook of the total contribution towards the improvement of the organisation. An organisation should keep a record of the data that have been evaluated after the analysis of the work rate and output of the employees.

In this article, systematic research has been undertaken which will give a diverse outlook of the study of the essential steps that are required to successfully implement the evaluation of the performance and management of the employees. A varied research model has been provided which defines the literature review of the topic. The management and the employees who work in the municipalities of North Macedonia have been questioned. The organisation's diverse aspects that are necessary for the calculation of the data have been given in a well-structured way. The various sectors covered under the topic include performance management which is essential to be calculated for formulating strategies to upgrade the performance of the employees. The theories related to performance management have been detailed for a better understanding of the fact. The consequences and importance of implementing the strategies have been defined to give a clear outlook of the positive and negative outlook project. The methodology has been proposed with the inclusion of the research philosophy, approach, and design. The inclusion of data collection method, source and data analysis have been made.

2 Literature Review

2.1 Performance Management

Performance management is an effective communication process between employees and supervisors to boost employee engagement and productivity. This systematic process helps to enhance employee performance to easily pursue the organisation's objective (Schleicher et al., 2018). Most government and private organisations implement different types of performance management such as the balanced scorecard, management by objective, and budget-driven management. It is one type of corporate management tool that is most probably used to monitor employees' performance and accuracy. Organisations easily achieve their goals by developing performance management very efficiently.

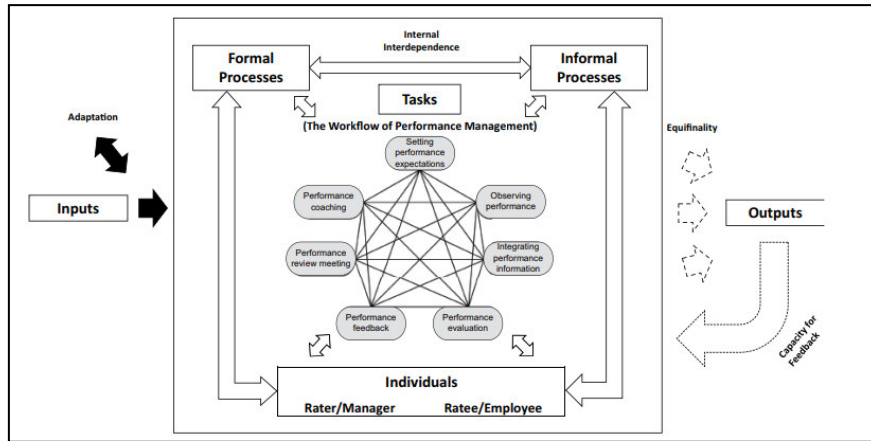


Figure 1:
Performance Management (Source: Schleicher et al., 2018)

2.2 Theory of Permanence Management

There are various types of management theories that are used by the organisation to develop the entire workplace and employee performance. The most demanding theories that multinational company uses are Frederick Taylor's Scientific Management and Elton Mayo's Human Relations theory. The first theory highly focuses on developing the management of the organisation and identifying the development very effectively (Camilleri, 2021). Another theory plays a significant role in managing human resources by developing management and monitoring the entire work culture very effectively. Every theory had its specific role that developed employee performance and entire management very effectively. The developed theories mostly help to easily develop performance management and enhance the entire management system very effectively. The core benefit of implementing performance management theory is to enable the management to effective employee performance that helps organisations to easily achieve their business objective (Tseng and Levy, 2019). The scientific theory mainly analysis the process of employee productivity and effectiveness. Employee performance is one of the most important factors for every organisation. So developing performance management help to develop the employees' accuracy very effectively. This most common performance management theory enhances the organisation management that supports every organisation to develop their performance.

2.3 Consequences of Performance Management

Performance management is an essential part of the system and is necessary to be carried out for the better establishment of a well-structured environment. There are

several benefits that the organisation can benefit by the execution of performance management.

- Development of trust among the employees toward the organisation is an essential consequence of performance management (Franco-Santos and Otley, 2018). The implementation of this method increases transparency between the organisation and the employees which is a matter of significance for the employees to keep trust in the organisation.
- Improvement in the communication of the employees is a significant effect of the performance management strategy which helps the employees to connect with the other employees or employers which will increase clarity among them and will increase work efficiency.
- It involves growth in the financial condition of the company as it will improve the management statistics of the company through an increase in the work efficiency of the employees (Schleicher et al., 2019).
- Appreciation from the employees is one of the major impacts that a company can gain; from the implementation of performance management in the organisation.

2.4 Importance of Performance Management

Performance management works for improving the presentation of an organisation. A successful and productive performance management system plays an important key role of to manage the performance of an organisation (Lee, 2019). The system of performance management contributes to manager benefits and employee benefits and also increases job satisfaction and loyalty among the employees. Managed and organized performance management can define and achieve the goals of both employees and the organisation. And also capable of developing training plans required for the employees. The performance management system also increased the ability of the employees to understand their roles in the organisation.

Every employee can figure out when, where, and how to do their jobs in the favour of the company. The best thing about performance management is it built strong trust between the organisation and the employee. It also helps employees to get rewards, and incentives and develop and improve their careers (Schleicher et al., 2018). Based on the performance management system new employees develop their knowledge of training and development to perform well in the organisation. This system influences the conflicts between the subordinate and the peers to improve

performance. At last, it can be said that Permanence management is the key to motivating both the management and employees to perform well.

3 Methodology

The chosen methodology for this research work is predominantly secondary qualitative data. However, primary research through survey is also being conducted for this research work.

3.1 Research Philosophy

The predominant research philosophy for this research work was interpretivism philosophy. Interpretive philosophy is highly effective in understanding the social world along with interpreting it in a subjective manner (Frechette et al., 2020). It is highly effective in understanding various people from the real world. It is highly effective in providing the research work with a higher level of flexibility for building prior knowledge regarding the topic. Moreover, future readers of the research work will be enabled in formulating their views and relating them to their previous understandings.

3.2 Research Approach

The predominant research approach for this research work was the deductive approach. This research approach was chosen as it can help the researcher in thinking more logically regarding the research topic along with making meaningful decisions for proceeding with the research work successfully. It will allow the researcher to make informed decisions during the whole research work. Moreover, the research paper will be enabled in creating effective relationships between the variables and concepts that are present regarding the concepts of performance management.

3.3 Research Design

The research design that was chosen for this research work is an explanatory research design of research (Phillipson and Hammond, 2018). This was highly helpful for this paper as it is effective in understanding the particular problem regarding performance management for obtaining more information regarding the topic. This was highly effective in predicting the causes that impact performance management effectively and predicting the future.

3.4 Data Collection Method

The data was collected using both quantitative and qualitative methods. Two methods were chosen for this research work to effectively address the questions of the research along with obtaining a deeper knowledge regarding those questions (Lester et al., 2020). It can be seen that more understanding regarding the context, phenomena, and experiences regarding performance management was obtained through using these data collection methods. Moreover, it is highly effective in stimulating interdependence and interpersonal relationships between human beings.

3.5 Data Collection Source

The researcher selected primary and secondary data collection methods to easily identify the authentic data that help to accomplish the entire research paper. The primary data collection sources are survey and interviews that helped researchers to collect authentic data and secondary data collection sources are articles, journals, and website data used to conduct the entire research paper. The primary data enhanced the research paper with authentic information and the secondary data helped to easily develop the learning principle with useful data.

3.6 Data Analysis

The thematic data analysis was chosen by the researcher to conduct the research paper (Spiers and Riley, 2019). The main reason to choose this data analysis is to develop the study concepts with a deep understanding. This research data analysis helps researchers to develop study concepts and analyse the qualitative data critically. The research paper developed a great understanding of performance management with theories. This research data analysis tool establishes the entire study with thematic approaches that help the viewer easily identify the key principle of the research paper.

4 Analysis and evaluation the analysis results

Based on the survey undertaken on 166 public servants working in the municipalities in North Macedonia, from those 39.5% are in the position managerial whereas 60.5% hold the position of non-managerial. Regarding gender 38.8 % of the employees are male, while 61.2% of workers are female. 6.6% is the fixed-term employment status out of 166 responses and 93.4% is the permanent status of workers in the municipalities in North Macedonia. A major category of the municipality employees in North Macedonia are urban with 65.3% whereas the rural category is 34.7%.

Age

166 responses

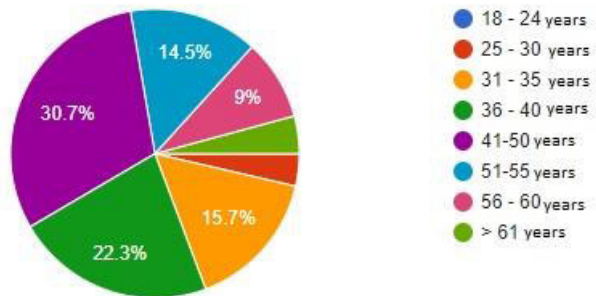


Figure 2:
Age of the municipal employees

More than half of the employees working in the Macedonian municipalities are in the age group 36-50 years of age. On the other hand, only very small insignificant 4% are below 30 years of age which means that the youth are very poorly represented in the local government.

Regarding the work experience in the municipalities, we received more diverse numbers, out of 165 responses;

Table 1
Work experience in the municipalities

0-4 years	5-9 years	10-14 years	15-19 years	20-24 years	25-29 years	30-34 years	>35 years
18.9%	18.3%	20.7%	24.4%	10.4%	6.7%	0.6%	0%

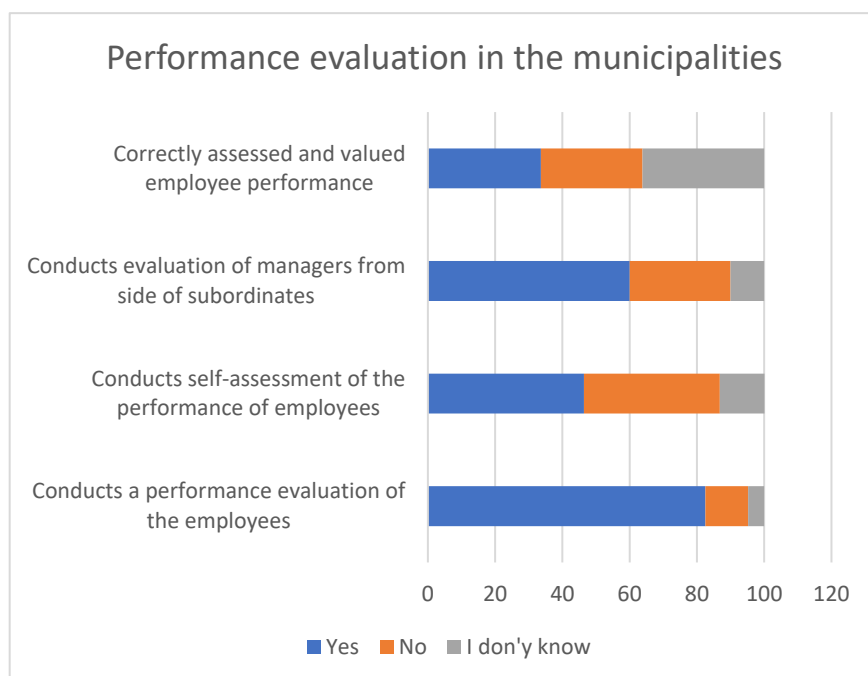


Figure 3:
Performance evaluation of the municipal employees

The chart showcases that employee performance evaluation is done by most of the municipalities. However some of the employees have said no or don't know, which indicates that some of the municipalities are not conducting basic performance evaluation of the employees. Self-assessment based on the performance of employees is also taken into consideration. This is done to improve employees' weakness, accordingly 70% of the respondents agreed that employee performance in the municipalities are not correctly valued and assessed. Therefore reform of the way how public servants are evaluated need to be done urgently. Introduction of the MERIT¹¹ system, valuation of each worker / non-worker and appropriate reaction to it, report on the work done and the key for a successful public administration is de-partization and admission solely due to knowledge, expertise and professionalism, on the same principle as privately owned companies employ. If the culture of the organisation is enriched, there can be more scope to improve and promote employees status and their service. Clearly defined work tasks and scope of tasks within the level of the officer, evaluation of the work done, constant

¹ The merit system is the process of promoting and hiring government employees based on their ability to perform a job, rather than on their political connections

communication and confidentiality between the officer, the team and the head of the department and appreciation or punishment for good work or not work. If there is less workplace diversity the service can be provided of greater quality.

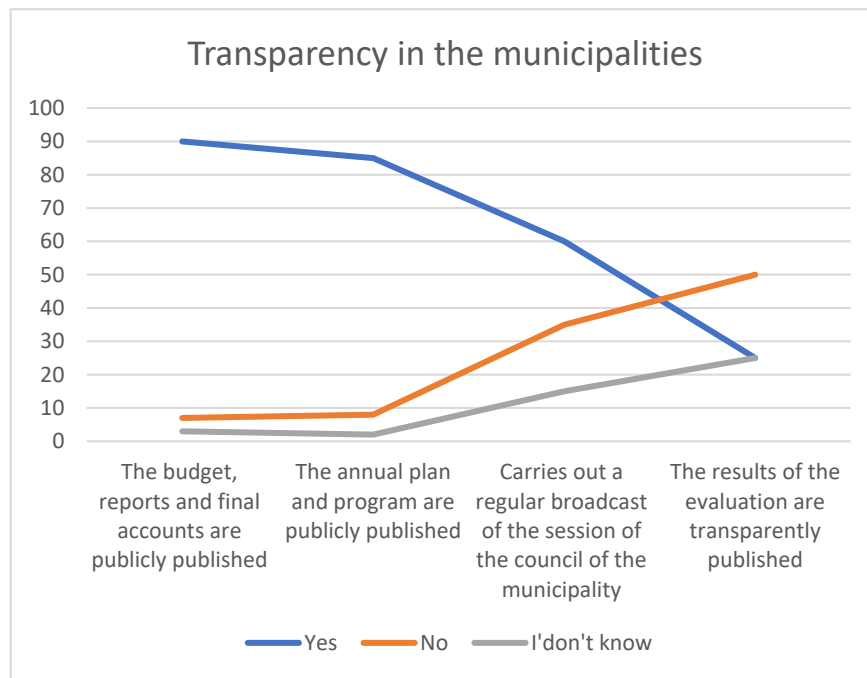


Figure 4:
Transparency of the municipalities according the employees

According the survey undertaken, if reports, final accounts and municipal budgets are transparently published. Here, most of the respondents have answered YES, 87.9% of the employees have agreed, that the public can easily access the annual program and plan of the municipality, however 5% of the respondents answered that their municipalities don't have a web page. Additionally 84.8% of the respondents have answered positively that their municipality carries out online live broadcast sessions of the municipality councils. Regarding the transparency about the process of performance evaluations undertaken, most of the respondents have responded negatively. Furthermore the respondents agree that the process of selection of candidates for employment in the municipalities should be transparently done externally based on the skills and qualifications, opposite of how is done currently based on the political party from which the mayor is coming from. According the results from the survey 69% of the employees in the municipalities agree that people currently engaged in the municipalities in North Macedonia are based on political party affiliation.

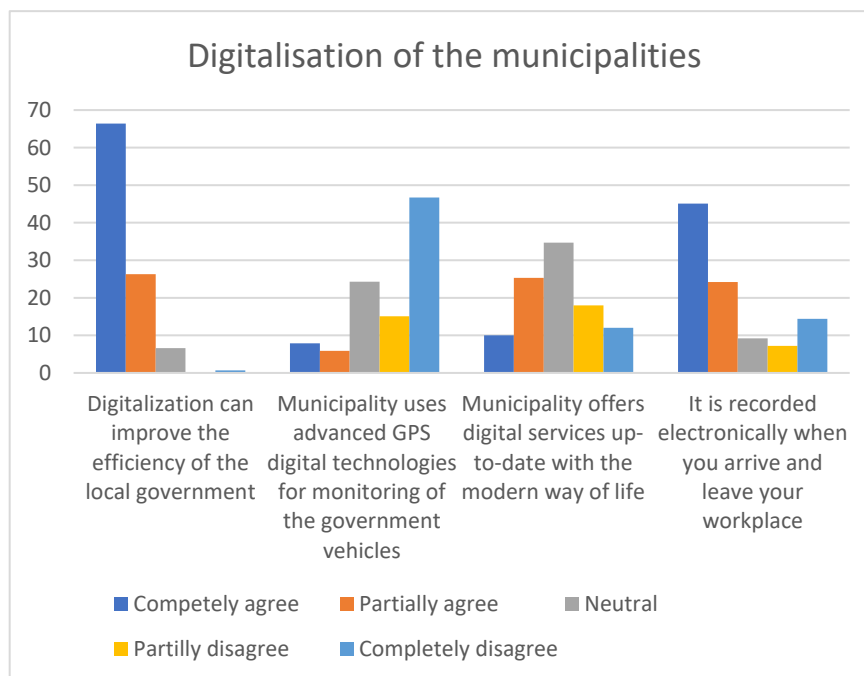


Figure 5:
Digitalisation of the municipalities

Discussing the digitalisation as a tool for improvement of the performance management of the employees in the public service, I've refer several questions to the municipalities staff. Based on the above graph, they have completely agreed that if digitalisation takes place, the efficiency of the local government might improve. Modern means of doing work help to resolve the problem within a given time. If digitalisation takes place, process claims can easily be done electronically by instant response in the local government. It results in higher satisfaction of citizens. Specialized tools help in doing the task in an automated way, which is precise, time effective and helpful in managing the performance of employees.

According the respondents, it can be said that the municipalities of North Macedonia are not digitalized adequate to keep pace with the modern way of living. To control the municipality vehicles movement, 46.7% completely disagree that advanced GPS digital technologies are used by the municipality, although it might improve the way of doing work, save finance and reduced the taking advantage of public goods for private needs, additionally 66.4% of employees have strongly agreed that if digitalisation takes place, the efficiency of the local government might improve.

Your work has been properly valued and you are satisfied with the amount of the financial compensation you receive

165 responses

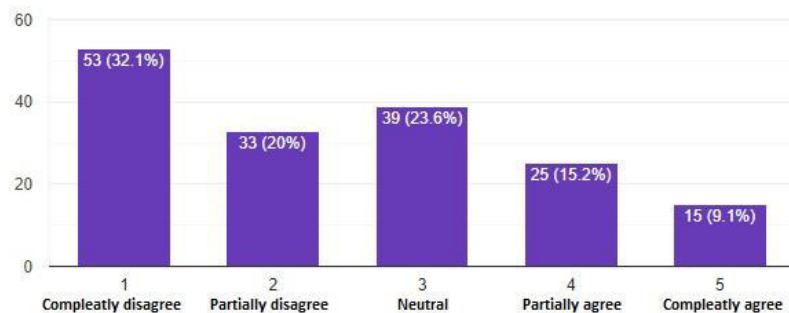


Figure 6:
Feedback on salary satisfaction

I firmly come to an understanding that the municipal staff are not satisfied with the financial compensation they get. Regardless if they do overtime or not at the end they receive the same fix salary. If the public servants are fairly awarded for their good work, there can be an improvement in the atmosphere of working and their overall performance. Financial assistance helps in motivating the workers and enhances their carrier. Job satisfaction and security are two essential parameters of employees and organisation's success. If the employees are able to maintain the standard of living, it boots up their morale to work in an efficient way. The employees might face difficulties in managing their standard of living if the wage rate is low and their extra input is not valued. It can increase the level of frustration, stress and anxiety. Through this the employee might not be able to fully devote and concentrate properly. So, it is important to give proper salary and enhance employee satisfaction.

5 Findings

- **Digitalization**

Based on the results, digitalisation can improve the efficiency of local government. It can also help in maintaining the transparency of the organisations. Currently, digitalisation has taken up a huge space in the global market (McDermott et al.,

2019). Working with modern machinery helps in improving productivity. The internal process and tasks can be automated. Municipalities in North Macedonia might utilize software of time tracker for monitoring productivity of employees. It helps in beneficial insights. More engagement of employees is possible with the adaptation of modern technologies. Enhancement of collaboration within the firm is likely to take place. It is important for the organisations to make the employees work as team. It delivers more customer satisfaction. Greater efficiency can also be earned as digitalisation helps in maintaining the transparency within the institution. Tracking the employee performance electronically as they arrive and leave the workplace and updating the website page of the municipality might be beneficial.

- **Financial assurance**

It is seen that employees are not happy with the salary they get. To make the working atmosphere pleasant the wage rate needs to be increased. Getting financial security and promotion motivate employees to work properly. Budget plays a significant role in controlling the financial aspect of the municipalities in North Macedonia. It helps in measuring the performance of the organisation and interpreting the budget. The municipality need to use performance information. It can be done for management, spending and allocating the resource of finance. The main financial aspects are thus prioritized which helps in efficiency. It results in improvement in the expenditure of public fund. The traditional budgeting pattern can be improved. Over here as well technology plays a significant role. Based on findings from the open ended question in the survey regarding the overtime engagement of the employees, most of them answered that they have worked overtime but rarely someone was paid extra for the overtime, some of them were receiving a day off in compensation but generally there is stigma for paying overtime at the municipalities in North Macedonia although the implementation of complex capital projects are time-consuming and requires extraordinary overtime engagement. This results very demotivating for the hardworking employees and generally the municipal staff is avoiding to be involved and working towards successful implementation of big projects because at the end of the day this brings them just more work and responsibility for the same salary.

- **Communication**

There is a communication problem among the supervisor and staff of municipalities of North Macedonia. Fair communication is necessary, it can strengthen the working culture (Yildiz and Ahi,2022). The working pattern can be advanced and the performance of employees can be improved. In order to have a good management of performance, having good communication skills is essential. The productivity level gets enhanced and morale of the employees gets boosted up. Better team cooperation and collaboration can be done by the municipality with

greater communication skills. Managers by having good skills of communication might share their ideas. The manager can come up with better solution and mitigate the employee's issue. Good communication might help the workers to understand the requirement of the organisation. It can help in contributing for the firm in this competitive market place. Therefore regular meetings are required.

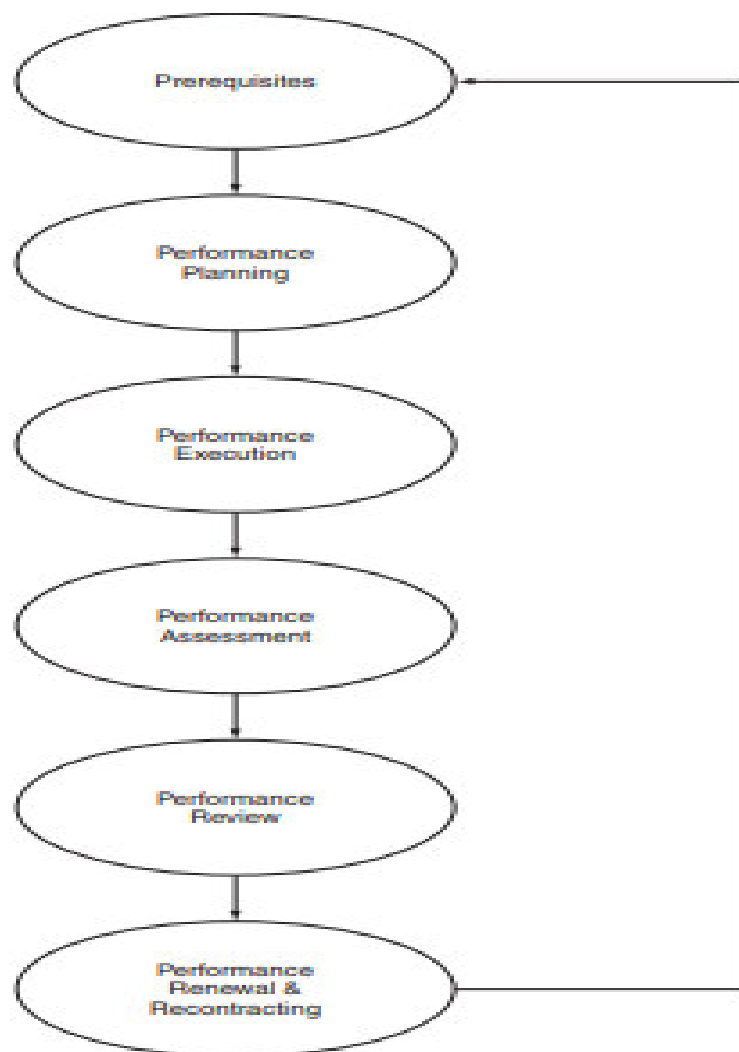


Figure 7:
Process of Performance Management (Source: Aguinis, 2019)

The above diagram presents the performance management process. If all the mentioned process is followed properly the municipalities in North Macedonia is like to have positive outcome. It is beneficial in organizing the tasks and delivering it efficiently.

- **Training and evaluation**

Giving proper training to employees of the municipalities of North Macedonia increases the performance level. Getting to know about modern technologies might help to perform effectively. Keeping track of the performance of staff helps in rewarding the workers. Training and evaluation gives a proper framework for performing the tasks and concerned duties. Evaluation of the performance can be considered to be employee's stepping stone. The mayor might discuss with the employees area of improvement. Investment in training rewards the whole organisation especially its clients. The employees of the municipality might acquire new set of skills whereas the existing ones can be improved. This helps the employees to perform in a better way and in future they might become a better leader as well. Evaluation and training might help to achieve the short term and long term goals. A positive reinforcement might be helpful in enhancing top performers. The workplace morale can easily be boosted up with the help of staff performance evaluation.

- **Innovative solution**

The management needs to come up with solutions that are innovative for resolving a working cultural issue. It is also needed to enhance municipality teamwork and gain the trust of the employees. The mayor or the supervisor needs to understand the problem of the employees. Giving innovative solution might help in understanding the root cause of the problem. This can generate trust of employees towards the organisation. Getting proper solution can help them to work efficiently. It is also beneficial in terms of satisfying clients. Employees also get work satisfaction and tend to improve their skills. The uncertainties can be tackled in an appropriate manner. The complex situation of the organisation can easily be dealt and a suitable development might occur.

6 Conclusion

Based on the above discussion, an evaluation of the performance management of the municipality of North Macedonia is done in this study. Employees are considered to be the most important element of an organisation. If the track of employees is kept recorded, problems can easily be found and mitigated. There is a

mostly positive outcome of performance management. It increases the trust development among employees for the organisation. Fair communication might enhance productivity levels. There can be significant growth in the performance aspect of the organisations. It is found that digitalization, giving training and evaluation are positive approaches towards an organisation's development. As long as those who work and those who do not work are paid the same, it will be hard to motivate public servants to provide better services. That is why the law/system of salaries and rewards for those employees who work well and provide quality services to the citizens should be changed in order to keep them in the institutions, otherwise only non-workers will remain in the public institutions, and most of the good people will leave. The consequences of this tendency are devastating. There is a clear indication of limitations in the applicability of proper appraisal and performance management systems in the local government sector in North Macedonia whereas private sector companies are much more actively implementing performance improvement and management practices. This has resulted in comparative lower achievements of employees in government sector against private sector organisations. It can be concluded that giving proper training helps in strengthening the skills of the employees. Area of improvement can better be discussed by the mayor. This can help in boosting up the morale of the personnel. Getting a clear idea about the requirements of the task resolves the issue. This makes the work to be done in an efficient way. Evaluation of performance is done to reward the employees with some benefits and allowances. It accordingly motivates them to engage more within the organisation.

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