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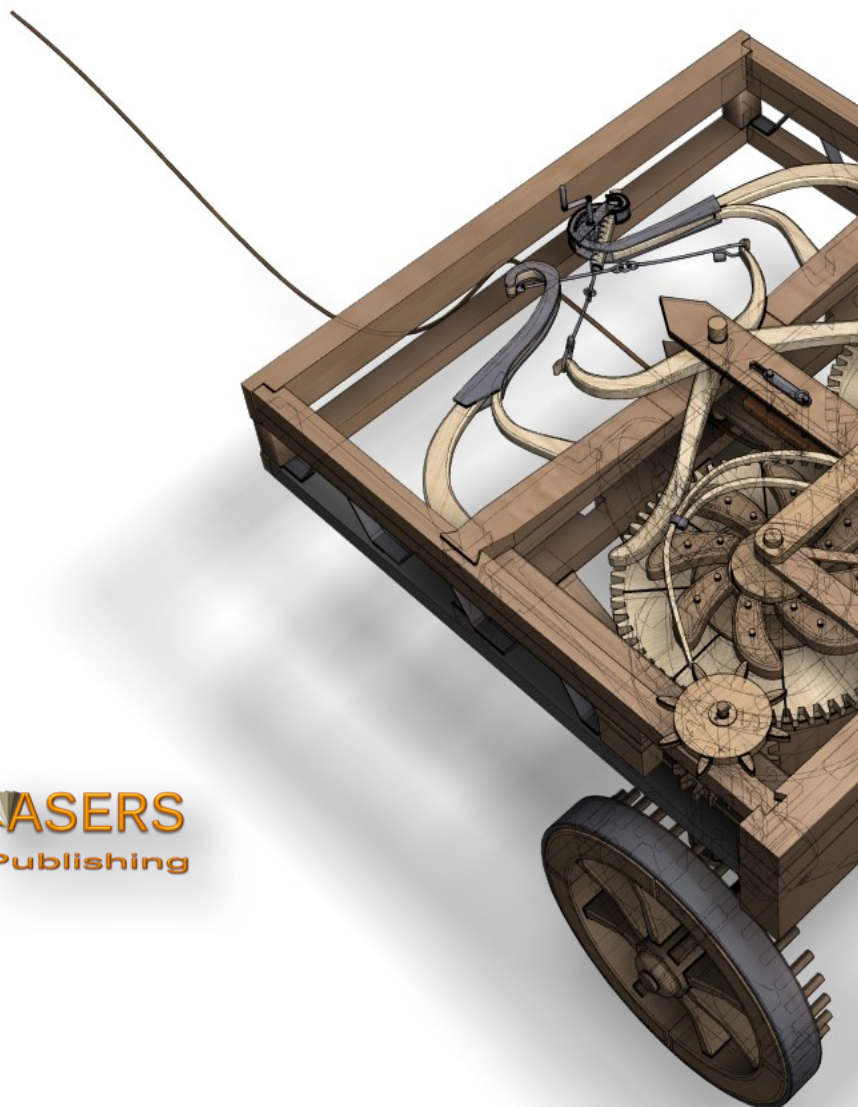
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Call for Papers

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Performance Management in the Public Sector of Albania

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Abstract: *In the realities of today's economy, the development of good governance in the public sector is one of the most important tasks of the authorities. If actions on the part of the authorities are not conducive enough, it can cause a multitude of negative consequences for the country's economy and the living standards of its citizens, as well as for the country. Therefore, an assessment of governance by the authorities in different countries around the world is a relevant research topic. The analysis is carried out for Albania in Vlora. The research aims to show how effective public administration is in the public sector in the country now. The main methods used in the study were analysis, forecasting, abstraction, and the historical method. The study included a contemporary assessment of the state of efficiency governance in Albania. It was shown that there are problems in this area due to the socialist past of the country. In addition, difficulties with the corruption component remain relevant, which requires urgent action and finding new methods to counter it. The work also assessed the current state of the Vlora region. It was shown that despite the serious difficulties associated with the outbreak of the COVID-19 crisis, the region is developing quite strongly. The reason for this is, among others, the policy formulated by the public authorities, which aimed to support local producers and medium and small enterprises, as well as to create policies to promote domestic tourism. This paper brings new insights into the field of public sector management, as well as a better understanding of the functioning of the Albanian economy.*

Keywords: management; macroeconomics; regional development; tourism; COVID-19.

JEL Classification: H00; H11; Z30; R11.

Introduction

Public sector performance management plays a key role in developing a country, providing quality services, and meeting the needs of citizens (Helden, Reichard 2013; Ammons 2022). As a key building block in every country, the public sector is responsible for implementing policies, delivering public services, and managing public resources. The well-being of a country depends on the quality of government representatives in exercising their powers. In economic theory, the role of the state became more pronounced after the Great Depression and John Maynard Keynes's General Theory of Employment, Interest and Money (Keynes 1936). At that time, a large part of the economic community concluded that the state should not just remain a bystander to economic processes, but should actively participate in them, at least in times of crisis, when businesses and households needed its support by stimulating demand (Pal 2022). With the subsequent increase in the understanding of the role of the state in ensuring the well-being of citizens, the authorities have started to intervene more and more in economic processes. Although such active intervention can lead to positive results, such an outcome is not mandatory (Sadeh, Radu, Feniser, Borsa 2021; Wang 2018). In other words, such state action can both improve the quality

of ongoing economic processes and worsen them. This depends primarily on how effectively such interventions have been organised and planned (Chimhowu, Hulme, Munro 2019; Hudson, Hunter, Peckham 2018). Thus, exploring opportunities to improve management processes in the public sector is still relevant. In this study, the evaluation is conducted for Albania, specifically within its individual Vlorë region.

The effectiveness of public sector governance in Albania has been assessed by many scholars. For example, G. Hushi (2015), analysing the performance of the authorities, concludes that Albania has not fulfilled its commitment to establish an effective and accountable public administration, which harms the quality of life of its citizens. At the same time, O. Milova and A. Llozana (2022) concluded that the governance situation in the sector is gradually improving, including through changes in the legal environment. A study on the efficiency of public services in Albania was carried out by I. Tomorri, R. Keco, and G. Mehmeti (2020). The researchers conducted a study that showed that the local population in Albania generally sees a positive trend in terms of developments in the efficiency of public sector governance. In addition, citizens expect the situation to improve thereafter, particularly in the areas of public services, infrastructure improvement, investment management, etc. A study on the formation of opportunities to improve the efficiency of public administration in the country through changes in legislation was conducted by K. Vuksanlekaj (2019). The scholar shows that the state authorities should pay attention to the fact that in the past the country was one of the Eastern European satellite states of the Soviet Union of Socialist Republics, which forms some peculiarities both in the principles of its functioning and governance. It is therefore important to consider the historical, political, and economic context of the country's development.

The research aims to assess the effectiveness of public administration in Albania, analyse inherent trends in the country and draw conclusions about how the situation might develop in the future. This will allow for more effective policymaking around management of the activities of the authorities.

1. Materials and Methods

Before starting the study, a hypothesis was put forward that had to be proven in the research. It goes as follows:

H₁ Performance management in Albania's public sector is reasonably efficient.

The research results will assess the effectiveness of governance in the public sector in Albania, based on existing indicators, to assess the level of transparency, accountability, and efficiency of public authorities. If the amount of evidence found confirms the effectiveness of governance, hypothesis H₁ will be considered confirmed. However, if the research does not find enough of them, the hypothesis will be considered not proven. In this case, additional research and analysis may be needed to better understand the situation and to identify the reasons that impede the achievement of good governance in the public sector in Albania. The findings on the situation in terms of assessing the effectiveness of public sector governance in Albania will allow informed decision-making and the development of strategies to improve governance and fight corruption in the public sector of Albania.

Studying has several limitations. First, quantitative data was not used to conclude the assessment of governance effectiveness due to its unavailability in the public domain. This also suggests that the performance of state representatives in the country is poor, as openness of data is one of the main characteristics for building citizens' trust in them. Secondly, the study focuses on the state of governance effectiveness in Vlorë but takes little account of where governance is found in other regions, which may distort the conclusions for the country.

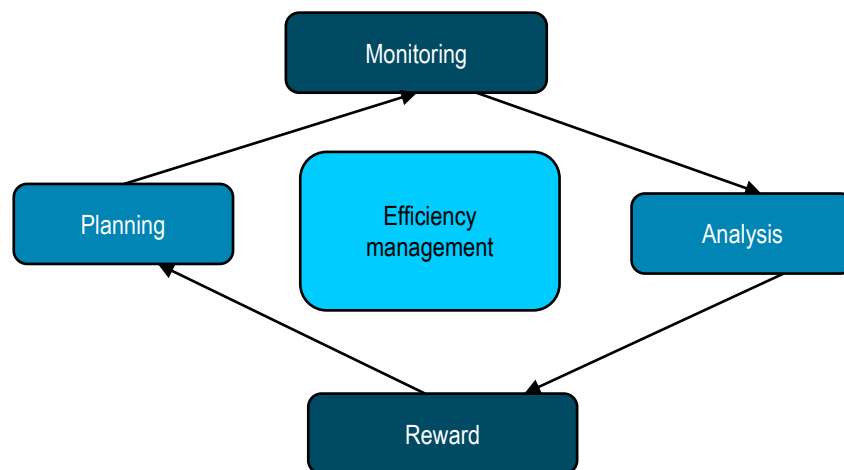
The main approach used in the research was systematic. It allowed to consider all factors affecting public administration in Albania and to assess them as interrelated processes that form a single system of interaction, thereby allowing to better understand the characteristics of the current state of this component in the country. During the study, many different scientific methods were also used. One of the main ones was analysis, which allowed to review the selected information and draw important conclusions for the work on its basis. The historical method allowed to evaluate the effectiveness of governance in Albania in retrospect and to understand the reasons for its current state. Forecasting was also used, making it possible to assess how the level of efficiency in Albania's public sector might develop in the future. Abstraction played an important role, allowing attention to be disregarded for factors that do not have a significant impact on efficiency management in the public sector. The deduction was also used to identify the main factors affecting public sector performance management in Albania, based on the overall state of the sector in the country. Modelling was also used to construct a general theoretical model of performance management itself, which describes the steps of the process and how it should take place, enabling a better understanding and appreciation of the characteristics of the performance management process in the public sector.

2. Results

During the last decades (with the development of innovative technologies and the Internet), governments faced various challenges, including rising citizen expectations, the need to cope with budgetary constraints and the requirement for increased transparency and accountability. In response to these challenges, many countries have begun to develop and implement public sector performance management strategies. Their basic principles include strategic planning, monitoring and evaluation of results, risk management, transparency, and citizen participation in decision-making. Achieving efficiency also requires the introduction of innovative methods and the use of technology that help improve services and simplify interaction with citizens. In the future, such a planning system must evolve and adapt to a progressively changing environment. This includes improving management systems, applying analytical tools for informed decision-making, and actively using data for continuous process improvement.

Performance management is defined as a wide range of policies, strategies and methods aimed at guiding leaders, managers, and employees towards achieving results and improving the organisation's effectiveness in delivering results (Wakula 2021). The development of such strategies can take place at different scales, from the regional to the national level. Nevertheless, its essence remains the same. A common model for performance management is shown in Figure 1 below:

Figure 1. Efficiency management model



Source: compiled by the author

As can be seen from Figure 1, performance management is a cyclical process consisting of four stages that flow into each other. During planning, key objectives are set and metrics are defined to measure the actual performance of the processes. The next stage is monitoring, which regularly assesses progress and possible obstacles that may arise during the implementation of certain actions. The review phase assesses the finished result, from which conclusions are drawn as to how effective the project has been. The last step is the provision of remuneration to the participants in the process, which may vary depending on how well the project was implemented (work done, plan implemented, etc.) There may be no remuneration at all if the implementation has failed or is not as effective as originally planned in the planning stage. However, it is worth noting that in the public sector, there are a significant number of specific features relating to performance management. For example, the large number of objectives and interests to be achieved by the public sector, the complexity of the political and organisational structures, certain particularities in performance measurement and others. This makes the process of performance management more difficult for government agencies, because of which it requires special skills and abilities.

The Albanian state authorities have been trying for years to establish an administration that can carry out its mandate effectively. However, short-term gains and corruption on the part of government officials made public administration rather weak, with limited capacity and a lack of transparency. The reasons for this level of governance in the country may lie in its past: given the pre-1990s planned system (which had proved to be largely ineffective in terms of governance), Albania needed a transition to new principles of government. This process has been difficult for the country, with a variety of difficulties, both social and economic. High unemployment, still at a relatively high level of 11.82%, has been a major problem (Macrotrends 2023). Due to the existing difficulties in the transition to the new system of government organisation, the country has failed to

achieve impressive results in terms of the efficiency of the public sector. Another important challenge in terms of performance management is the process of appointing responsible managers to their positions. This is because it is often politically motivated. This practice was widespread in the Soviet Union of Socialist Republics (USSR) and was inherited by most of its member states, including Albania, which was one of its Eastern European satellite states. Although the situation is now beginning to improve gradually, it is too early to talk about significant progress in this area.

One important ingredient for ensuring improved quality in performance management is the use of state-of-the-art technology. This determines several advantages. For example, process automation and optimisation enable routine tasks to be automated, speeding up and optimising the work of public services: e-document management systems can reduce the time it takes to process and transmit information. All of this improves the accessibility and usability of public services, improves the transparency of data and internal processes at public institutions, enhances cyber security and reduces costs in general. In other words, digitalization in the public sector contributes to an efficient and open governance system that meets the needs of citizens, improves the quality of services provided and contributes to economic development. Given all the above-mentioned effects of digitalization on public sector processes, it can be understood that its application will also be effective in countering corruption. Transparency in public sector processes makes it much more difficult for any activity to exceed the authority of any given public official. Therefore, the use of the latest technology in management is very relevant in Albania at the present stage, including in its regions.

While the country does have difficulties in building an effective state apparatus of governance (which harms both living standards and the business climate, level of infrastructure development, etc.), it still has room for improvement. For this to happen, the political establishment in Albania must make a real commitment and take bold decisions to work together honestly and with integrity to establish and adhere to strict standards of professionalism to build an effective and accountable public administration. Unless there is a full political commitment among the authorities to implement reforms to improve strategic planning; monitor and evaluate the performance of public servants; and ensure transparency and accountability of the authorities, achieving such a goal may not be possible at all. Nevertheless, given Albania's economic growth rate and the country's tendency to adopt the latest technology, positive conclusions can be drawn about future trends in its public administration.

Considering the characteristics of the Vlere region, it is worth noting that it is located in southwestern Albania and consists of three districts: Vlere, Saranda and Delvina. The municipality of Vlere consists of five administrative units (Vlere, Orikum, Kender, Novosele and Shushitse) with a total population of 202,000 inhabitants, including the Greek, Roma, and Egyptian minorities. It is the main port of the country, which is also very old. Because of its convenient geographical location, its districts are a very important natural factor for the development of transport infrastructure, and the creation of transit centres or points of trade turnover. Its geographic position also has a positive influence on the development of industries, such as agriculture (olive groves and fruit tree plantations) and tourism, due to the abundance of running water, represented by a dense network of rivers, creeks, underground water, springs, artificial sites, etc. This also contributes to the spread of urban life and the construction of megacities here. Oil, natural gas, bitumen, and salt are also produced in the region. The textile industry as well as the construction industry is developed in the city. However, the most important economic activity of the area is tourism. Many hotels, recreation centres and extensive beaches have been built here. The main attraction that attracts tourists to visit the city is its natural diversity: mountains, rivers and beaches are the main reasons to visit the city. The region also has a generally well-developed housing infrastructure. The city offers many residential areas, ranging from the coast to the hinterland.

Thus, it can be concluded that the last few years have seen positive trends in Vlere in terms of the development of its main industries, particularly tourism. The state authorities have probably also played a major role in this, as they have been able to create the conditions for the development of the region in which all this has been possible. Nevertheless, it is difficult to assess what role performance management has played in this. It is also worth noting that the development of the country and the Vlora region has been adversely affected by the COVID-19 crisis, which has caused major problems in the country's tourism sector. Due to the pandemic and travel restrictions, many countries closed their borders and introduced social distancing measures, which led to a significant decrease in the flow of tourists. During the crisis, many hotels, restaurants, shops, and other tourist businesses closed or operated with limited capacity. International tourist travel has been severely curtailed due to restrictions on entry and exit as well as flight cancellations. Domestic tourism has also declined due to travel restrictions and fear of the virus spreading. The economic impact on the tourism industry in the Vlora region was therefore significant. Many businesses, especially small and medium-sized enterprises, faced financial difficulties and loss of income. Unemployment in the tourism sector has increased and the contribution of tourism to the

local economy has decreased. Nevertheless, the region has recovered rather quickly, including through the authorities' efforts to attract tourists and ensure their safety; marketing campaigns and proposed subsidies and incentives for tourism enterprises have also helped. In addition, domestic tourism, which has become more popular since the start of the pandemic and has partially improved the situation for the country's businesses, has also helped the recovery. It can be concluded that the activities of the authorities, both general and regional, during the COVID-19 pandemic were timely and significantly reduced the negative effects on the tourism sector, enabling Vlars to continue to develop without significant losses.

The following approaches can be taken to address the existing challenges in public sector governance. First, it is important to create a clear strategy on which public authorities will shape their subsequent actions when intervening in economic or social processes. This will improve the focus of efforts and avoid fragmented and unconnected initiatives. Second, the performance evaluation system should be improved, considering not only the quantitative but also the qualitative performance of civil servants. Third, opportunities for professional development and transformation must be provided so that civil servants can apply the latest techniques in their work (which will substantially increase efficiency). Public servants must be equipped with the necessary skills and knowledge to adapt to a rapidly changing environment and perform their duties effectively. Fourth, all bureaucratic procedures should be simplified as much as possible and, where possible, automated, thus reducing the time expenditures of such workers. The introduction of the latest technology in the system will also significantly increase the transparency of all internal processes, make the work of the authorities more understandable for citizens, and make it easier to check whether there are elements of fraud or corruption.

Thus, at this point, the hypothesis cannot be considered confirmed. This is due both to insufficient data available to form such conclusions and their ambivalence. On the one hand, state representatives are making steps towards rapprochement with the European Union countries and the economic situation in the country is improving, in the Vlora region. On the other hand, there are still problems in Albania related to the effective functioning of state structures. They are manifested, among other things, by corruption, which is still widespread. Therefore, this hypothesis requires further research and opinions from other scholars.

3. Discussion

An assessment of future trends in public administration was made by B. D. McDonald, J. L. Hall, J. O'Flynn и S. V. Thiel (2022). Researchers have noted that the world has made significant progress in this area over the past few decades. Because of its increasing role in economic development and ensuring adequate living standards for its citizens (as well as addressing major issues such as climate change, social justice, technology development, migration, increasing government capacity and improving rural governance), it has become so much research that it can be treated as a separate science. There has been a shift towards interdisciplinary collaboration, international and comparative work, and the development of new research methods. They emphasise that environmental, economic, or social problems which are being highlighted by scientists around the world need to receive special attention from public authorities and be dealt with in an integrated manner due to their interconnectedness.

The specifics of performance management in the public sector have been studied by E. Buschor (2013). The scholar generally describes that performance management in general has achieved better results in terms of management in the public sector. Research on performance management based on data from the UK was also conducted by J. Antony and D. Blackman (2014). They point out that performance management in the public sector is still a major challenge, and the expected improvements in efficiency, accountability, transparency, service quality and value for money cannot yet be fully assessed. There are also challenges in changing the culture of the public sector and the culture of performance management and different organisations are addressing different aspects. The solutions proposed to improve the situation are often generic, which often makes them ineffective in individual situations. Nevertheless, the overall situation is improving and the quality of governance, as well as the approaches to it, are changing for the better.

M. Sonderskov and R. Ronning (2021) explored the gap between the logic of public service and theories of street bureaucracy in the context of public service. The scholars describe that the public administration approach of satisfying the desires of individuals by providing them with services may be ineffective because it does not consider the more complex context in which the actors to whom services are provided may have different visions of what constitutes a successful outcome. They also note the role of choosing a public development strategy for the future well-being of the country, which should focus on the choice of approach to individuals and a focus on ensuring that the greatest benefits are realised for the country. Interestingly, they also suggest that politics and its context should not be separated from the process of value creation by the state.

T. H. Pham, T. T. H. Hoang, E. I. Thalassinou and H. A. Le, H. A. (2022) focused on assessing the impact of the quality of public administration on local economic growth in Vietnam. The study examined three components of public administration: public administration procedures (TT), combating corruption in the public sector (KS) and public service delivery (CU). Findings from the econometric analysis show that improving the quality of public administration has a positive impact on local economic growth: a 7.3% improvement in public administration procedures, a 7.9% improvement in anti-corruption, and a 17.6% increase in public service delivery. Based on these indicators, the researchers point to the high role of local government representatives for better management of all processes controlled by the state. Besides, the scientists suggest paying more attention to the problems of fighting corruption and using the latest technologies to counteract it. They also suggest simplification and streamlining of administrative procedures, for which implementation of digital technologies and digital transformation, in general, would be useful. It is worth noting that corruption in Albania also remains one of the most widespread problems preventing the country from developing. It covers different areas of life, including the public sector, law enforcement, the judiciary, the business environment, and other areas. While the Albanian government has made efforts in recent years to combat corruption and improve transparency and accountability in public administration, it remains a significant problem in Albania and its complete eradication requires further efforts and improvement of institutional mechanisms, effective investigation, punishment of perpetrators and creation of a transparent and responsible culture in all spheres of society.

The peculiarities of quality management in Australia were studied by J. Taylor (2021). The scholar notes that quality management in the country is at a high level, especially its component responsible for the accountability of public authorities. Nevertheless, public authorities should shift their focus from the technical to the non-technical aspects of public sector performance. Public leaders and managers should emphasise the strategic and developmental aspects of performance management to change the employees' attitude towards it as a control tool. Strong leadership and commitment from senior managers are important, along with the provision of adequate resources and support for implementation. Central governing bodies need to go beyond mere talk and take action to motivate organisations and enable them to improve performance through performance management. In other words, developing and implementing the latest technology in performance management processes will not be enough to achieve impressive results because of the still present important human factor.

One of the most important components for improving performance management processes in the public sector is digitalisation. Not only does it speed up or automate many processes that had to be done manually, but it also increases their transparency and therefore makes it impossible (or at least difficult) for public servants to do anything illegal. Therefore, it is still relevant to consider and confirm the role of digitalization for its implementation in public administration processes. Thus, A. Androniceanu, I. Georgescu and S. Oana (2022) describe the positive impact of digitalisation on the public sector in the European Union, with special emphasis on the opportunities for fighting corruption. It is worth noting that the application of the latest technology in such a context is also very relevant for Albania, which, due to its socialist past, still has some difficulties, both with the misuse of its powers by civil servants and the often-present political motivation for hiring officials.

Thus, for Albania, many of the challenges associated with increased efficiency in public sector management remain relevant. Nevertheless, the overall situation is gradually improving as the country develops and becomes more integrated into European society. The same applies to the Vloera region, where the situation has improved considerably over time, primarily due to the development of the tourism industry and the well-chosen policies of state representatives. Considering the current trends, it is to be expected that in the future the situation in the context of regional development will improve and so will the methods of efficiency management in the state sector, first through more active use of the latest technologies in monitoring, planning and implementation processes.

Conclusions

Thus, the study assessed the effectiveness of public sector governance in Albania. It was shown that, due to the country's development characteristics, which are primarily related to its socialist past, the challenges of good governance in the public sector remain significant: the rising expectations of citizens, budgetary constraints and the need for greater transparency and accountability. Although government officials have used various methods to counteract these, they have so far not yielded sufficient results. In addition, significant corruption remains a problem for the country. The most effective solution to the problems of corruption can be achieved through the introduction of innovative methods and technologies that can automate many processes related to the provision

of public services and minimise the interaction of government representatives with households or businesses. Their subsequent increased adoption should be a major part of Albania's development strategy in the future.

The study described the characteristics of the development of the Vlore region. It was shown that due to its geographical location, the area has become one of the most important trading and tourist centres for the country. Furthermore, the Vlore region has developed several industries, as well as agriculture. Overall, the area has recently experienced significant positive developments, despite the spread of the COVID-19 pandemic and its negative impact on the tourism industry. State support in terms of assistance to small and medium-sized enterprises has played a major role in solving these problems, as well as the trend towards the expansion of domestic tourism.

An evaluation of the public sector management effectiveness in Albania in other regions remains relevant for future research, as well as an evaluation of foreign experience in this context, to enable more qualitative management.

Credit Authorship Contribution Statement

Authors have contributed equally to this work.

Declaration of Competing Interest

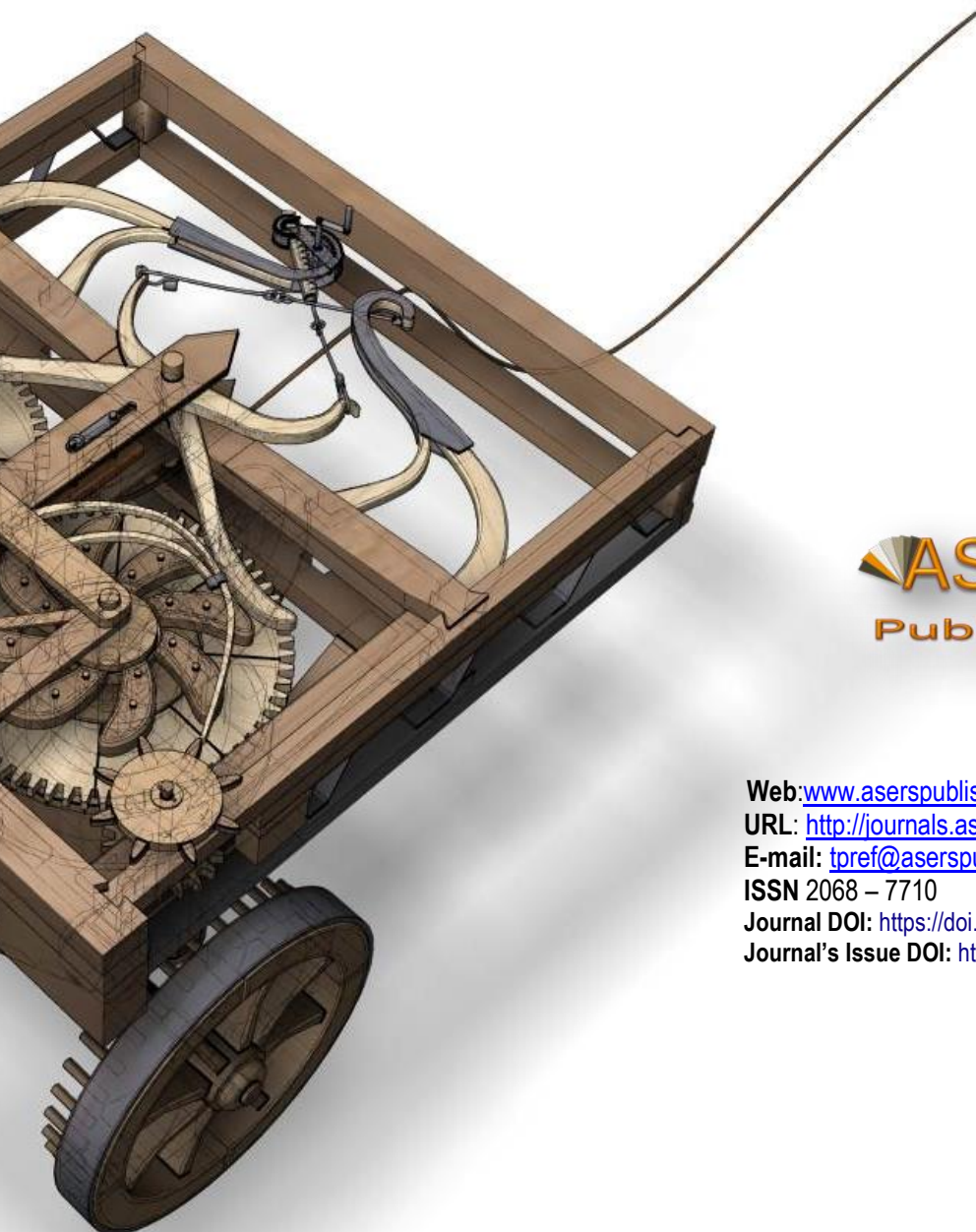
The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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