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PERFORMANCE MANAGEMENT OF THE EMPLOYEES IN THE MUNICIPALITIES OF NORTH MACEDONIA

Abstract:

The main goal of this paper is to identify the current state and efficiency of performance management processes, including evaluation systems in the local self-government organizations in the Republic of North Macedonia and possible improvements that can be incorporated in the future. There is a clear indication of limitations in the applicability of appropriate performance appraisal and management systems in the local government sector of North Macedonia. The primary research in this study include a quantitative research of data collected through a questionnaire and interviews with the local public sector officials in North Macedonia. Findings suggest that mostly Macedonian municipalities are employing public servants based on political party affiliation instead of skills, knowledge and competence. Corruption is well spread and the system is not nurturing the hardworking employees neither punishing the non-workers. Proposed solutions are; de-partization, digitalization and higher transparency. The creation of the performance management scheme in Macedonian municipalities could ultimately improve the productivity of public sector management and significantly improve the functionality of the entire system and quality of national living.

Keywords: Performance management, Governance, Municipalities, Local government, Public sector

INTRODUCTION

Performance management systems, which typically include performance appraisal and employee development, are the “Achilles’ heel” of human resource management. They are lacking in many organizations, with employees and managers regularly lamenting their ineffectiveness¹. Despite the difficulties, performance management is an essential tool for high-performing organizations and it is one of the most important responsibilities of a manager, if not the most important responsibility. Furthermore, done right performance management can result in a number of important outcomes for the organization, its managers and employees.

Managing employee performance in organizations is not a new concept, but what is new is that approaches to it have continued to change to keep pace with changing workforce composition and global competitiveness driven by innovation and technological breakthroughs. Therefore, performance management has become imperative for the part of management that deals with issues related to the welfare and performance of workers. As Nwachukwu (2009) states, “all those who deal with employee performance in an organization must be emotionally intelligent and be willing to show commitment to employee well-being to improve job satisfaction and motivation”². According to him, it is the only way an organization can achieve the desired level of productivity and competitive advantage. Employees of organizations especially starts-up are the lifeline of such organizations, regardless of the level of technology within it. According to Idemobi (2010), employee performance is a direct function of their relationship with the management of the organization³. This observation of Idemobi is widely accepted in the literature. For example, Eramafures (2010) while supporting the above views notes that organizations need strong cooperation of employees to succeed in achieving the set goals⁴. He reiterates that success in managing employee performance means recognizing that human resources are the most critical of all resources in an organization. Also, Ukeye (1992) argues that Taylor’s theory of scientific management sees the worker as an economic agent who can be induced or manipulated to work to ensure that he conforms to specific standards through rewards or sanctions⁵.

In light of the above, this research analyzes the concept of performance management, all with the aim of making the content and meaning accessible to many who have yet to understand what it is all about. By doing so, literature would improve and knowledge will expand. Also, from the perspective of empirical significance, many categories of people would benefit from the results of the conducted empirical research at the level of

1 Pulakos D. E. (2004): *Performance Management: A Roadmap for Developing, Implementing and Evaluating Performance Management Systems*, SHRM Foundation

² Nwachukwu, C.C. (2009). *Management theory and practice* revised edition. onitsha, anambra, africana first publishers’ plc.

³ Idemobi E. (2010). Performance management as an imperative for effective performance in Delta State of Nigerian public owned organizations. *Sacha Journal of Policy and Strategic Studies*, 1(2): 46-54.

⁴ Idemobi E. (2010). Performance management as an imperative for effective performance in Delta State of Nigerian public owned organizations. *Sacha Journal of Policy and Strategic Studies*, 1(2): 46-54.

⁵ Ukeye, B. O. (Ed.) (1992). *Education Administration*. Enugu: Fourth Dimension Publishing Co. Ltd.

the municipalities of North Macedonia, which will follow the findings. This research is interested in finding out the individual as well as the overall contributions of variables to employee productivity in an organization. Therefore, among other things, the purpose of this paper is to provide (HR) professionals with useful guidelines for developing and implementing effective employee performance management system, with an emphasis on local government organizations across the country.

The four main areas that have been identified as very critical factors in the discussion of employee performance management. These are: the organization's evaluation process, employee recognition, labor-management relations, and the feedback mechanism. Furthermore, it should be noted that managing the capacity, ability, attitudes and behavior of employees to achieve good results cannot be an ordinary routine activity, but would rather involve a strategic approach.

CHAPTER I: LITERATURE REVIEW

1.1. Conceptual definition of performance management

Before designing a performance management system, there should be a clear definition of performance management.

Over the past decade or so, the term "performance management" has come to replace the phrase "performance appraisal" in many organizations. Whereas performance appraisal emphasizes the (usually annual) evaluation of an employee's performance, performance management refers to an ongoing process that includes setting (and aligning) goals, training and developing employees, providing informal feedback, formally evaluating of performance and linking performance to recognition and rewards. The goal of that ongoing process is to improve employee performance (as well as job satisfaction and organizational commitment) and organizational performance.

Wurim (2012) defines performance management as a process used to identify, encourage, measure, evaluate, improve and of course reward the performance of employees in an organization. Also, Idemobi and Onyeizugbe (2011) defined it as a tool that focuses on managing the individual and the work environment in such a way that the individual or team can achieve the set organizational goals.

According to Aguinis (2009), performance management is "a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization". Key components of this definition are that this is a continuous process and that there is alignment with strategic objectives. If a manager fills out a form once a year because it's a management request, then this is certainly not a continuous process.

Likewise, evaluating employee performance (i.e. performance appraisal) without clear considerations of the extent to which the individual is contributing to unit and organizational

performance and how performance will improve in the future is also inconsistent with this definition of performance management.⁶

According to Amaratunga et al. (2001), the performance management system implies the use of performance measurement information in effecting positive changes in organizational systems, processes and cultures, through setting performance goals, prioritizing and allocating resources, confirming or changing managers' policies towards organizational goals and sharing performance results from achieving goals⁷. Additionally, some studies (e.g. Alan, 1997⁸; Armstrong, 1992⁹; De Waal, 2003¹⁰) see performance management as a set of activities designed to develop and manage people in order to improve the achievement of specific short-term goals.

Performance management is a systematic approach to identifying, collecting and using performance data, all with the aim of raising standards in service delivery. This approach is particularly focused on defining key performance indicators in priority areas, thus establishing minimum standards for performance, by applying an annual planning process that is oriented towards determine and monitoring the achievement of goals in order to improve performance.

1.2. Components of a performance management system

Performance management also includes the need for many features, such as measuring effectiveness (long-term), measuring (short-term), managing important stakeholders (Davila, 2012¹¹; Verbeeten, 2008¹²; Verbeeten and Speklé, 2011¹³), managing organizational culture and motivation (Bernold and AbouRizk¹⁴, 2010; Halachmi, 2005¹⁵; Meadows and Pike, 2010¹⁶), use of financial and non-financial information for pre-determining goals and

6 http://www.untag-smd.ac.id/files/Perpustakaan_Digital_2/PERFORMANCE%20MANAGEMENT%20Performance%20management%20%20putting%20research%20into%20action.pdf str.39-40

7 Amaratunga, D., Baldry, D. and Sarshar, M. (2001), "Process improvement through performance measurement: the balanced scorecard methodology", *Work Study*, Vol. 50 No. 5, pp. 179-189.

8 Alan, P. (1997), *Human Resource Management in a Business Context*, International Thomson Business Press, London.

9 Armstrong, M. (1992), *Human Resource Management: Strategy and Action*, Kogan Page, London

10 De Waal, A.A. (2003), "Behavioral factors important for the successful implementation and use of performance management systems", *Management Decision*, Vol. 41 No. 8, pp. 688-697

11 Davila, A. (2012), "Performance measurement and management control: global issues", in Davila, A., Epstein, M.J. and Manzoni, J.-F. (Eds), *Performance Measurement and Management Control: Global Issues (Studies in Managerial and Financial Accounting)*, Vol. 25, Emerald Group Publishing, p. i.

12 Verbeeten, F. (2008), "Performance management practices in public sector organizations impact on performance", *Educational and Psychological Measuring*, Vol. 57, pp. 297-301.

13 Verbeeten, F. and Speklé, R.F. (2011), "Management control systems, results oriented culture and performance: evidence from Dutch municipalities", working paper, Erasmus University, Rotterdam

14 Bernold, L.E. and AbouRizk, S.M. (2010), *Managing Performance in Construction*, John Wiley & Sons, Hoboken, NJ.

15 Halachmi, A. (2005), "Performance measurement is only one way of managing performance", *International Journal of Productivity and Performance Management*, Vol. 54 No. 7, pp. 502-516.

16 Meadows, M. and Pike, M. (2010), "Performance management for social enterprises", *Systemic Practice and*

making decisions about organizational activities (De Waal, 2003¹⁷, 2010¹⁸; Elzinga et al., 2009¹⁹; Yuliansyah et al., 2016²⁰).

The Commonwealth Secretariat (2002) identified the components of a performance management system which include capabilities, strategy, planning, structure, training, review process, succession planning and performance recognition²¹. Also Karen et al. (2009) after their systematic review concluded that for a performance management system to be successful, it is necessary: “(i) Alignment of the performance management system with all institutional systems and strategies, (ii) committed leadership, (iii) improvement a performance culture that focuses on evaluating good performance and not punishing poor performance, (iv) active involvement of stakeholders, (v) continuous monitoring and providing feedback to stakeholders”²².

Based on discussions and conclusions above, it can be said that the attributes of a performance management system are: a collective set of strategic activities; includes setting goals for achieving organizational performance, which should be understood by all employees; includes prioritization and identification of resources to achieve goals and ideas; developing and managing employees to achieve goals; using financial and non-financial performance measurement information for positive change to organizational processes, culture and systems; providing timely feedback on the level of achieving goals to the necessary parties; making a transparent decision after identifying challenges and weaknesses; and taking corrective action where deviation occurs.

1.3. The importance of effective performance management system

While research and experienced practitioners have identified several characteristics that are prerequisites for effective performance management systems, there are also many decisions that need to be made to design a system ideally suited to the needs of a particular organization. One such decision is what purpose(s) the system will serve. For example, performance management system can support pay decisions, promotion decisions, employee development and downsizing. A performance management system that tries to achieve too many goals will likely die of its own lack of focus and gravity. There is no one type of system or set of goals that works best for all organizations. The objectives for a given performance management system should be determined by considering business needs,

Action Research, Vol. 23 No. 2, pp. 127-141.

17 De Waal, A.A. (2003), op.cit.

18 De Waal, A.A. (2010), “Performance-driven behavior as the key to improved organizational performance”, *Measuring Business Excellence*, Vol. 14 No. 1, pp. 79-95.

19 Elzinga, T., Albronda, B. and Kluijtmans, F. (2009), “Behavioral factors influencing performance management systems’ use”, *International Journal of Productivity and Performance Management*, Vol. 58 No. 6, pp. 508-522.

20 Yuliansyah, Y.U., Bui, B. and Mohamed, N. (2016), “How managers use PMS to induce behavioural change in enhancing governance”, *International Journal of Economics and Management*, Vol. 10 No. S2, pp. 501-522.

21 Commonwealth Secretariat (2002), *Current Good Practices and New Developments in Public Sector Service Management*, Commonwealth Secretariat, London

22 Karen, F., Jiju, A. and Ogden, S. (2009), “Performance management in the public sector”, *International Journal of Public Sector Management*, Vol. 22 No. 6, pp. 478-498.

organizational culture and the system's integration with other human resource management systems²³.

Effective performance management system have a well-articulated process for carrying our evaluation activities, with defined roles and timelines for both managers and employees. Especially in organizations that use performance management as a basis for pay and other HR decisions, it is important to ensure that all employees are treated fairly and equitably. Based on an examination of performance management processes in several organizations, most contain some variation of the process shown below:



Figure 1: A typical performance management process

Adjusted according to: Pulakos D. E. (2004)

An organization that performs poorly will eventually fail; consequently, the way an organization pursues its goals will affect its performance²⁴. Thus, it is reasonable for organizations to concentrate on implementing an effective and efficient performance management system, as they can remain highly competitive only through an effective system²⁵. Effective performance management ensures high quality customer service, as all employees would work effectively towards achieving organizational and personal goals²⁶.

23 Greguras, G. J., Robie, C., Schleicher, D. J., & Goff, M. (2003). A field study of the effects of rating purpose on the quality of multisource ratings. *Personnel Psychology*, 56, 1-21.

24 Flapper, S., Fortuin, L. and Stoop, P.H. (1996), "Towards consistent performance management systems", *International Journal of Operations & Production Management*, Vol. 16 No. 7, pp. 27-37.

25 Artley, W., Ellison, D.J. and Kennedy, B. (2001), "The performance-based management handbook: a six-volume compilation of techniques and tools for implementing the government performance and results act of 1993", *Performance-Based Management Special Interest Group*.

26 Macaulay, S. and Cook, S. (1994), "Performance management as the key to customer service", *Industrial and Commercial Training*, Vol. 26 No. 11, pp. 3-8.

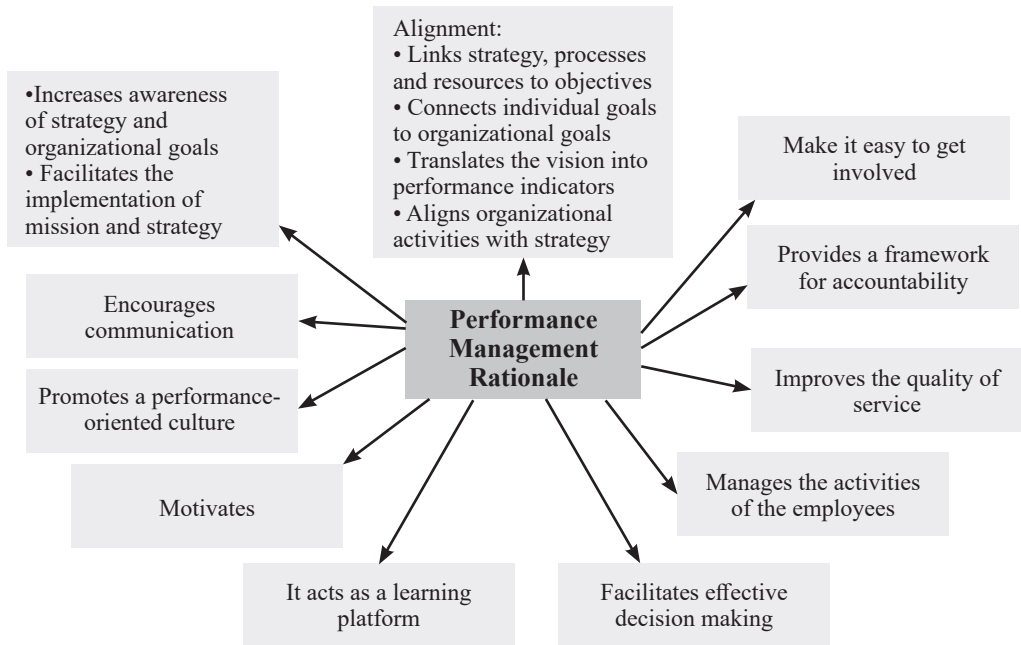


Figure 2. The importance and rationale of performance management

Adjusted according to: Nambi Karuhanga and Werner (2013)²⁷

Performance management serves as an accountability instrument that assists managers in effectively managing functional operations and the decision-making process. By implementing performance management in management system, the organization's focus on achieving strategy and performance can be easily determined because performance management system link organizational strategy, processes, and resources to organizational goals²⁸. In this regard, Karuhanga (2012)²⁹ developed a diagram of the importance and rationale of performance management based on the conclusions of past studies. This gives a better understanding and a clear illustration of why performance management is important for any-organization, and this is shown in Figure 2. This figure shows that performance management system is important for any organization because it works as alignment in the organization, improves service quality, motivates, encourages communication, acts as a learning platform, increases awareness of strategy

27 Nambi Karuhanga, B. and Werner, A. (2013), "Challenges impacting performance management implementation in public universities: a case of Uganda", *African Journal of Economic and Management Studies*, Vol. 4 No. 2, pp. 223-243

28 Kaplan, R.S. and Norton, D.P. (2005), *Creating the Office of Strategy Management*, Division of Research, Harvard Business School, Boston, MA and Verweire, K. and Van Den Berghe, L. (2003), "Integrated performance management: adding a new dimension", *Management Decision*, Vol. 41 No. 8, pp. 782-790.

29 Karuhanga, B.N. (2012), "A performance management model for universities in Uganda", doctoral dissertation, Nelson Mandela Metropolitan University, Port Elizabeth.

and organizational goals, directs the activities of employees, promotes a performance-oriented culture, facilitates involvement, facilitates effective decision-making and provides a framework for accountability.

1.4. Performance management within local government

As I mentioned, performance management is a modern approach that national and local authorities in Europe are increasingly applying in order to raise standards in the field of service provision. The Council of Europe promotes the development of performance management within local self-government as an instrument to support the improvement of public services.

In the countries of Western Balkans, a holistic approach to the management of competencies has not yet been introduced. In addition, horizontal integration is still neglected. North Macedonia is considered a country that only formally introduced the Competency Framework system, which is a model that broadly describes the excellence of performance in an organization³⁰. Formally as early as 2014, of the Western Balkan countries, only North Macedonia introduced a performance evaluation system that is linked to CF in an integral way, and thus to other horizontal HR functions, such as recruitment, promotion and professional training of civil servants, were improved and professionalized. Individual competences have been determined in four categories of employees, and the evaluation form has been adjusted accordingly since April 2018. The purpose of the UK is to define, strengthen and establish minimum standards for various professions within the administration.

In terms of performance management, in all countries of the Western Balkans, civil servants are required to undergo regular performance evaluations. If employee evaluation is not implemented, in some countries, including R. North Macedonia, there are appropriate regulations that prescribe sanctions in the form of disciplinary measures for non-fulfilment of obligations. According to a survey conducted in 2008, in the Western Balkans, the frequency of formal performance evaluation corresponds to the standard of conducting one evaluation process per year (70% of EU member states have introduced such a frequency, others more often). In fact, Macedonia is considered to be a country that more frequently conducts formal evaluation, including Albania, Serbia, BIH and Montenegro for DSP. This is, civil servants in office since 2008 even twice a year they conduct a formal performance assessment. Furthermore, the survey among the heads of personnel services shows that the obligation for half-yearly evaluation is very poorly respected, so that in North Macedonia, half-yearly evaluation is carried out only in 15% of cases, which shows that half-yearly interviews are not conducted. Also, North Macedonia has an employee evaluation process that relies on multiple sources, there is a much larger number of people who are really involved in the process: there are 4 internal evaluators, 2

³⁰ In general, OK is considered a generic set of established competencies for the entire administration, i.e. a framework that allows institutional flexibility.

from the same level and 2 from a lower level. There are also 2 external evaluators, and in some cases even a union representative (where there is a functional union).

Also, when considering the measures to ensure a continuous process of communication and feedback, so that the performance evaluation does not happen only formally and once a year, North Macedonia is expected to conduct a semi-annual interview³¹ with each employee, and then the degree of task realization, the degree of contribution to institutional goals and the degree of learning are determined. However, as in the previous aspects of the interaction between rater and ratee, quantitative evidence shows that performance interviews are formal and/or not conducted. In addition, all Western Balkan countries are obliged to submit the results of the employee evaluation procedure to civil servants, but they are not always accompanied by an explanation, but are submitted in numerical form (and not in text form), such as the example with North Macedonia, only the final numerical grade from 1-5 is given to the evaluator in a fixed form of employee evaluation. The results are not discussed, nor is an explanation given for the evaluation. According to this research, there is the impression that Macedonia lags behind in the implementation of performance evaluation, primarily due to the excessively complex system.

1.5. Evaluation of the work of officials in public administration in Republic of North Macedonia

The first evaluation of the work of the officials in the administration was introduced in 2005. Civil servants were evaluated on the basis of data on professional knowledge and skills at work, commitment, achieved results, creativity and conscientiousness in the performance of official tasks that are significant for the performance of work.

In 2015, a modified 360° model (not including self-assessment) was introduced as a replacement for one-way evaluation. In fact, North Macedonia is the only country from Western Balkan that already in 2015 introduced a mandatory 360-degree evaluation of work for all categories of civil servants, with a small change that excluded self-evaluation. The move is quite surprising for a country that does not have a long tradition of performance appraisal, without proper testing of such a complex system before its full implementation. So it's not surprising that there is a general feeling that 360-degree performance appraisal are a paperwork burden, a mere formality with no real impact. In addition, the manipulation of the system is clearly visible, and the goal is not to collect information, but to get better grades. Employees are asked to provide the names of 2 or 3 people outside of management who should evaluate the employee. In practice, employees often provide the names of their friends, the HR manager sends the form to an external contact, and the feedback is of course always positive. It does not reflect reality.

31 The performance interview is now seen as a routine mechanism for establishing a dialogue-where performance information is analyzed in a targeted manner-rather than just one-way communication. A performance interview is one that allows a dialogue between the civil servants and the evaluator to examine their thinking and create a shared understanding.

Since 2016, this system has become mandatory for all public authorities. This system was amended in April 2018 by abolishing forced quotas for the best and worst performing officers for not achieving the expected goal but creating pressure, a sense of insecurity and disrupting interpersonal relations among employees. The new Strategy for Public Administration 2018-22 envisages another change in the approach to employee evaluation, with the possible simplification of the process and the introduction of performance-based payments.

The system connects the evaluation of work with the competencies of civil servants, which represent a great potential for the future development of the effective process of evaluating employees. However, the Competency Framework is still in its infancy, lacks operationalization and greater flexibility for application in individual institutions, although it provides a certain level of flexibility in different categories of civil servants. Thus, the Competency Framework theoretically provides a good basis for the preparation of individual plans for professional development, but in practice it is not used in its entirety, which was already discussed earlier.

CHAPTER II: METHODOLOGY

2.1. Subject of the research

The subject of research is management of employee performance, and in the specific case at the level of the municipalities in the Republic of North Macedonia. The focus will be on employees and their professional ethical duties as a factor that affects the efficiency and success of the organization as a whole.

2.2. Objectives of the research

The main objective of this paper is to identify the current state and effectiveness of performance management processes, including evaluation systems in the local self-government organizations of the Republic of North Macedonia and possible improvements that can be incorporated in the future.

In order to complement the general objectives of the research, the following appear as special, more specific objectives of the research:

- To identify the current state and effectiveness of performance management processes;
- To identify the current state and efficiency of the evaluation systems in the local self-government organizations of Republic of North Macedonia;

- To identify limitations in the applicability of appropriate performance appraisal and management system in government sector and private sector organizations.
- To identify recommendations for possible improvements in promotion and better use of knowledge in the management of human resource of the state.

The scientific goal of the research is through the use of description, conceptual determination, empirical research and analysis, to determine the system of evaluating the performance of employees, that is, how it affects the overall performance of the organization of local governments. The scientific objective is expressed in the contribution of theoretical knowledge from the field of human resource management science, with special reference to employee performance management.

The social goal is to establish an adequate system for evaluating the performance of employees, as a challenge of modern society and organizations in local government.

The practical purpose of the research is reflected in the application of the obtained results in practice, with the aim of correcting negative practices and improving positive practice through adequate management of human resources. The application in practice of adequate principals for the dissemination and exchange of knowledge would increase the satisfaction of employees in organizations.

2.3. Research materials and methods

During the preparation of this paper, the predominantly chosen methodology is the quantitative method of research. Secondary data from empirical evidence and a systematic literature review were used. The data were collected by the research methods and processed through the method of description, analysis and compilation. The primary research in this study will include a quantitative research of data collected through a questionnaire and interviews from public sector officials in North Macedonia.

Theoretical-empirical research was used to study the research subject. From the theoretical general-scientific methods will be used: comparative method, statistical method and from the special ones: method of analysis and synthesis, including deductive method.

2.4. Research expectation

It is expected that the results of the research will provide recommendations and opportunities for advancement and better utilization of knowledge in the management of human resources of the state. Such results will be a benefit not only for the organizations in which employee performance evaluation is carried out, but also for the wider social community.

CHAPTER III: ANALYSIS AND EVALUATION OF THE RESULTS FROM THE SURVEY

This part of the paper deals with results of the conducted questionnaires related to the research topic of this paper.

Therefore, this study was conducted to examine the performance appraisal system in private and public organizations in N. Macedonia. In order for this paper and research to have an analytical, educational and objective character, a survey was conducted among the citizens employed in the municipalities of the Republic of North Macedonia in order to determine the system for evaluating the perforations and possibly identifying limitations and recommendations. That is, the surveyed questionnaire was composed of a questionnaire that was completely anonymous and was conducted on a sample of a total of 182 citizens of the Republic of North Macedonia, who had the opportunity to comment on the questions. After surveying a sample of citizens, an analysis of the obtained data was made, based on which several essential and very relevant conclusions were made that will be considered and analyzed step by step, question through method, method by method. The collected and processed data are presented in tables and graphs.

Out of a total of 182 respondents, most are women (61.5% (n=112)) aged 41-50 years old (30.8%), employed indefinitely (93.4%) in a non-management position (61%), with work experience over 35 years (23.2%) in an urban municipality (63.2%) (Table1).

Table 1 provides information on the demographic characteristics of the respondents employed in the municipalities in Republic of North Macedonia (N=182).

Table 1: *Characteristics of the respondents – employees (n=182)*

	CHARECTERISTICS	N	%
gender	men	70	38,5
	women	112	61.5
age	25-30	6	3.3
	31-35	29	15.9
	36-40	40	22
	41-50	56	30.8
	51-55	28	15.4
	56-60	15	8.2
	>61	8	4.4
Work position	Non-managerial	111	61
	Managerial	71	39
Employment status	Permanent	170	93,4
	Temporary	12	6,6
Category of municipality	Urban	115	63,2
	Rural	67	36,8
Work experience	0-4 years	34	18.6
	5-9 years	34	18.6
	10-14 years	40	21.9
	15-19 years	42	23.1
	20-24 years	18	9.8
	25-29 years	13	7.1
	30-34 years	1	0.5
	> 35 years	0	/

That is, most of the respondents employed in the municipalities were women (61,5%, and 38,5% (n = 70) were men. The age ranged from 31 to 55 years, with mostly respondents, 30.8%, aged 41-50 (n=56), 22% were aged 36-40 (n=40), while only 8 aged over 61 (4,4%). Almost all respondents (93,4%) have an undetermined employment status (only 6,6% are engage through agencies on temporary contracts), most of them on non-managerial position (61%; n=111), and the rest, 39% (n=71) of managerial. Two thirds (62,3%, n=115) are employed in an urban municipality, and the rest, 36,8% in a rural one. Approximately the same percentage 21.9% and 23,1% had those respondents with working experience in the municipality from 10-14 years, that is from 15-19, while the same percentage, 18.6% had

0-4 years and 5-9 years of experience. From 20-29 years of work experience, they had a total of 16.9%, and only 1 had over 30 years of experience in the municipality. Regarding the category of the municipality in which they work, it is mostly about urban municipalities, that is approximately two-thirds (62,3%, n=115) are employed in an urban municipality and the rest, 36,8% in a rural one.

Furthermore, respondents were asked to express their degree of agreement with each of the statements, namely:

1. Completely disagree; 2. Partially disagree; 3. Neutral; 4. Partially agree; 5. Completely agree

Table 5: Results of the degree of agreement for each of the statements

A claim	1		2		3		4		5		Average value
	N	%	N	%	N	%	N	%	N	%	
The budget affects the performance management of employees in Macedonian municipalities	13	7,1	5	2,7	50	27,5	56	30,8	58	31,9	3,77
Your municipality has a website and updates it regularly	2	1,1	6	3,3	18	9,9	34	18,7	122	65,9	4,47
The work goals in your municipality are set reasonably and are realistically achievable within the stipulated time frame	12	6,6	14	7,7	31	17	76	41,8	49	26,9	3,42
Your municipality is currently transparent enough	5	2,7	8	4,4	31	17	60	33	78	42,8	3,76
Digitalization in the municipality can improve the efficiency of the local government	3	1,6	1	0,5	9	4,9	49	26,9	120	65,9	4,55
The municipality uses advanced GPS digital technologies for monitoring and household use of official vehicles	81	44,5	25	13,7	46	25,3	13	7,1	17	9,3	2,23

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Your municipality is currently digitalized enough and offers services in line with the modern way of life	22	12,1	30	16,5	60	33	51	28	19	10,4	3,08
The manager/ supervisor should recognize and reward the loyalty and commitment of employees	3	1,6	4	2,2	4	2,2	27	14,8	144	79,1	4,68
In your municipality, the performance of employees is properly assessed and valued	30	16,5	21	11,5	64	35,2	48	26,4	19	10,4	3,29
The employees/ supervisors in the municipality possess the necessary skills and knowledge to carry out work tasks professionally, efficiently and with quality	18	9,9	18	9,9	50	27,5	66	36,3	30	16,5	3,39
Your work is properly valued and you are satisfied with the amount of financial compensation (salary) that you receive	56	30,8	38	20,9	44	24,2	28	15,4	16	8,8	2,56
You are ready and believe that you can put in extra effort if you are properly financially motivated	2	1,1	2	1,1	3	1,7	32	17,6	143	78,6	4,71
The existing communication between the employee and the superior helps in higher productivity	2	1,1	2	1,1	12	6,6	31	17	135	74,2	4,62

In your municipality, it is strictly recorded electronically who comes and goes from their workplace	27	14,8	15	8,2	14	7,7	43	23,6	83	45,6	3,77
Any unclear problem or challenge should be shared with the manager/ mayor	/	/	2	1,1	13	7,1	42	23	125	68,7	4,59
Constant evaluation and trainings help to improve and perfect the work	1	0,5	4	2,2	17	9,3	44	24,2	116	63,7	4,48
Extensive evaluation of employees causes job dissatisfaction	16	8,8	13	7,1	59	32,4	53	29,1	41	22,5	3,49
I work better when my performance is being evaluated	41	22,5	30	16,5	57	31,3	36	19,8	18	9,9	2,78
Employee performance evaluation should be done regularly in a pre-defined period of time	3	1,6	4	2,2	57	31,3	55	30,2	63	34,6	3,94
Weekly/monthly reports on the work done can help to motivate employees more	28	15,4	19	10,4	40	22	53	29,1	42	23,1	3,34
Increasing the budget of the municipalities improves the service at the local level to the citizens of N.Macedonia	2	1,1	5	2,7	11	6	39	21,4	125	68,7	4,54
Good training and communication is the key to greater operational efficiency	/	/	1	0,5	9	4,9	48	26,4	124	68,1	4,49

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The transparency of the municipality affects the service provided by the employees to the citizens	/	/	6	3,3	15	8,2	47	25,8	114	62,6	2,56
Constant evaluation of work causes stress and anxiety	18	9,9	26	14,3	56	30,8	50	27,5	32	17,6	3,29
Digitalization accelerates the efficiency of employees in providing services	/	/	2	1,1	13	7,1	50	27,5	117	64,3	4,55
When evaluating performance, the employee's personal characteristics, behavior and results should be taken into account	/	/	1	0,5	18	9,9	51	28	112	61,5	4,51
Job performance should be used as the basis for rewards and punishments	2	1,1	3	1,6	20	11	52	28,6	105	57,7	4,40
Innovative solutions should be organized by the mayor for greater motivation and rewards for employees	/	/	/	/	3	1,7	39	21,4	139	76,4	4,73
It is necessary to discuss with the employee the reasons for the poor evaluation results and advice and guidance to improve them	/	/	/	/	8	4,4	41	22,5	133	73,1	4,67

Frequent holding of trainings and lectures helps to improve the performance of employees	1	0,5	4	2,2	12	6,7	57	31,3	108	59,3	4,47
Digitalization has a wide impact on the budgeting of Macedonian municipalities	2	1,1	4	2,2	46	25,3	56	30,8	74	40,7	4,07
Digitalization is directly related to and affects the municipality's transparency, behavior and results	3	1,6	/	/	23	12,6	60	33	96	52,7	4,35
People are employed in the municipality based on political party affiliation	11	6	8	1,1	37	20,3	36	19,8	88	48,4	3,97
There are employees in the municipality who receive a salary that they do not work and they should be fired	18	9,9	5	2,7	43	23,6	33	18,1	83	45,6	3,87
The municipality has a shortage of staff and more people need to be employed	28	15,4	14	7,7	39	21,4	34	18,7	67	36,9	3,73
Privileged persons by supervisors work in the municipality	16	8,8	11	6	52	28,6	36	19,8	67	36,9	3,7

In the last part of the survey, two *open ended* questions were included and the respondents were asked to answer descriptively. After summarizing the answers, the following results were obtained :

A total of 99 respondents answered the question “Have you ever worked overtime for successful implementation of a certain project and were you paid extra for that extra work by the Municipality?”, with the majority (82.8%, n=82) stating that he worked overtime and most of the time without being paid extra. Of these 82 employees in the municipality, a total of 12 respondents received a certain compensation, out of 6 (7.3%)

in the form of using days off 6, and the rest were paid additionally while half of them, or 3.66% were partly or hardly paid. It is interesting to note that one respondent was paid according to the Overtime Payment Regulations, while another respondent whose overtime was paid added that no one officially announced whether the additional working time can be compensated with days off or hours. In addition, a respondent who worked overtime even believes that it is not paid according to the Law. Two respondents rarely worked overtime and were also not paid extra, while 15.2% of respondents never worked overtime.

Table 2: Results of the question about overtime and additional payment

	Working overtime to implement a project		Compensation for additional work					
			No		Day off		Additionally paid	
	N	%	N	%	N	%	N	%
Yes	82	82,8	70	85,4	6	7,3	6	7,3
No	15	15,2	/	/	/	/	/	/

And to the last question “Is there anything you would like to add that you think would help in promoting and improving the status of the employees and the services they provide to the citizens?”, all respondents answered, while 20.3% (n=37) did not what to add. Among the answers, recommendations prevailed:

- » Better working conditions (office, technical, etc.), digital transformation and higher monthly incomes including trainings and additional education.
- » Competence and/or reorganization of employees in terms of reduction of unnecessary and/or ineffective staff, with appropriate qualifications, appropriately placed with clearly defined work tasks and scope of tasks within the level of the official, including evaluation of the work done.
- » Proportionality of salary according to obligations and responsibilities, especially salary increase prevailed as one of the factors for motivation and more successful work
- » Respect hierarchical subordination and horizontal cooperation, i.e. more teamwork, constant communication and confidentiality between the officer, the team and the head of the department and more frequent controls from competent inspections and towards managers.
- » One of the most significant recommendations and in the direction of the research topic referred to human resource management, where it was suggested to give

more opportunity to the Human Resource Management Department to manage employees in order to have greater efficiency in working in Sectors/Departments in the Municipality.

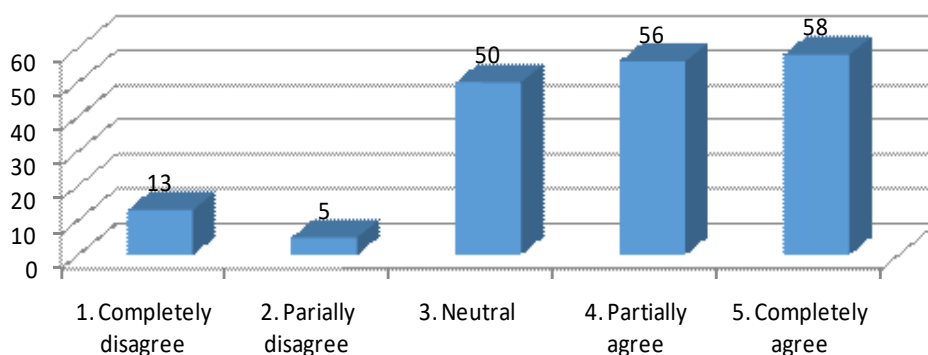
- » It is especially important that the majority of them recommended evaluation and rewarding according to quality and work, in terms of introducing MERIT system with defined qualitative indicators, considering that most of them consider that the evaluation so far is dysfunctional and inappropriate.

FINDINGS

Out of a total of 182 respondents, most are women (61.5%) aged 41-50 years (30.8%), employed on permanent contracts (93.4%) at a non-managerial position (61%), with work experience over 35 years (23.2%) in an urban municipality (63.2%), of which 83% agreed that the municipality in which they are employed conducts employee performance evaluation, while there is an opposing view (almost the same number gave affirmative and negative answers) about the implementation of self-evaluation of performance of employees, half confirmed that the live broadcast of the council session is carried out, that there is transparency when it comes to the Budget, reports and final accounts, but not for the publishing of the results of the evaluation of employees in the municipality. The fact that the majority (82.8%) not only worked overtime, but most of the time without being paid extra, is discouraging.

Also, according to the results, respondents tend to agree with the matters about management and performance evaluation, although according to their answers, they leave the impression that work should be done on the systematization and professionalism of municipal employees, which views they confirmed with the descriptive answers.

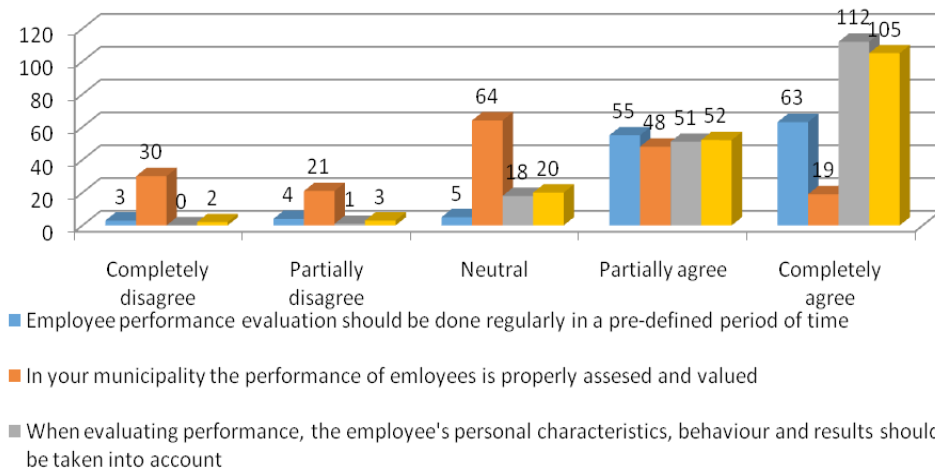
Chart 13: *The budget as a factor of influence on the performance management on Macedonian municipalities*



For some of these claims, a sublimation was made that refers to the performance of the employees, that is, to their evaluation as employees in Macedonian municipalities. That is, I sublimated a factor that affects the performance management of Macedonian municipalities (Chart 13) and some aspects of employee performance evaluation (Chart 14) in terms of whether and how often it should be implemented and finally, what is the effect of its implementation (Chart 15), in terms of whether it has a negative impact and is further reflected in work results and identifying ways to improve employee performance.

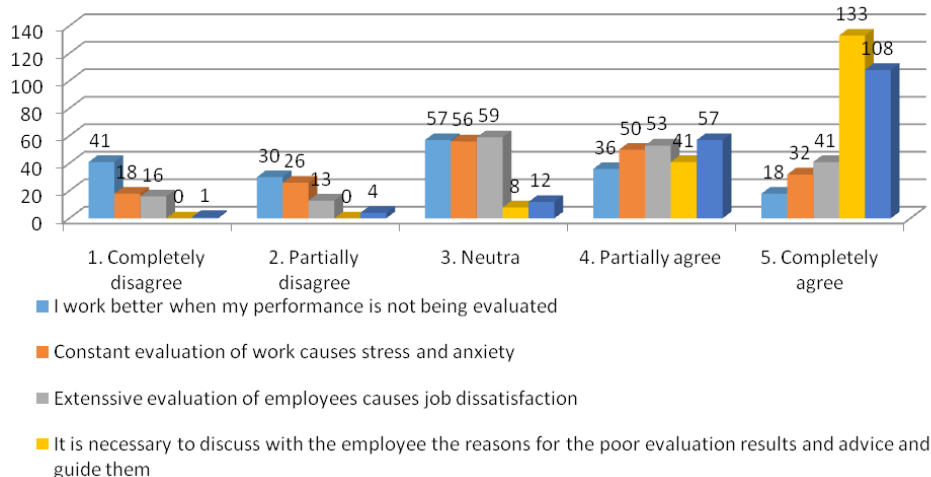
According to the Chart 13, the respondents recognized the budget as a factor that affects their performance management, expressing agreement with 62.7% (31.9% fully and 30.8% partially agree). The fact that 27.5% were neutral is not to be overlooked.

Chart 14: *Aspects of employee performance evaluation*



Regarding, the aspects of employee performance evaluation, the majority of respondents employed in a municipality express their agreement (either fully or partially), especially when it comes to regular and pre-defined evaluation, taking into account personal characteristics, behavior and results, and especially that work performance should be used as the basis for rewards and punishments (Chart 14).

Regarding the effect of the evaluation of the employees in the municipalities, there is a neutral attitude of the respondents when they are asked to determine whether the existing evaluation has a negative effect in terms of causing stress and anxiety (30.8%) or job dissatisfaction (32.4%) and simply, non-evaluation as a factor for better work (31.3%), accompanied by partial agreement, to final culminate in a positive attitude, i.e. full agreement when it comes to determining the reasons for bad evaluation results (73.1%), i.e. improvement of performance (59.3%) through trainings, lectures and advice and guidance (Chart 15).

Chart 15: *The effect of performance evaluation*

One of the strongest factors that negatively affects perceptions of performance appraisal is the formality and non-observance of obligations within the employee evaluation process. Employee perceptions of the fairness of job performance appraisals are critical to the success of the appraisal system. Employees should be fully aware of the performance appraisal system and that the process itself is clear and transparent. It is critical that senior management take serious steps to ensure that the employee evaluation process fulfills its purpose and provides support in making key personal decisions in an organization. This will develop a perception among employees that the system is being used to achieve a specific goal and more importantly, that the focus of employee evaluation is on the developmental aspect. This can be achieved by strengthening the role of human resource management in the whole process, which ensure that personnel services organize relevant trainings and information sessions for the needs of the employee evaluation system.

CONCLUSION:

Managing employee performance every day is very important in any organization, whether for-profit or non-profit, public or private, large or small. Many organizations agree that the principle of performance management is important for success.

In doing so, many factors will affect the effectiveness of an organization's performance management system, but three are the most important. First, the system should align with and support the organization's direction and critical success factors. Second, well-developed, efficiently administered tools and processes are needed to make the system user-friendly and well-accepted by organizational members. Third, and the most important, is that both managers and employees must use the system in a way that brings visible value-

added benefits in the areas of performance planning, performance development, feedback and achieving results.

Taking into consideration the data processed from the survey reflecting the various aspects of the effectiveness of the performance management in the administrative departments in the North Macedonian local government we may assess the overall process as relatively low effective based on considerable disruptions of the process caused by widespread situations of employ discrimination where the privileged persons by supervisors work in the municipality, where in many cases municipality employees receive their salaries without performance of their professional duties and the prevailing lack of motivation due to the circumstances where the work of the administrative employees is not properly valued and they are not satisfied with the amount of their financial compensation or salaries.

Last, but not the least, the recommendations coming from the respondents involved in the research, who are employees of the local self-government organizations in North Macedonia, should also be taken into consideration. One of the most significant recommendations in the direction of the topic of research referred to the management of human resources, where it was proposed to give more opportunities to the Department of Human Resource Management to manage employees in order to have greater efficiency in the work in Sectors/Departments in the Municipality. And it is especially important that the majority of them recommended evaluation and rewarding according to quality and work in terms introducing MERIT system with defined qualitative and quantitative indicators.

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