### PERFORMANCE MANAGEMENT IN PUBLIC SECTOR AS MOTIVATON AND SUCCESS FACTOR: A THEORETICAL ANALYSIS

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**ABSTRACT:**Performance management which has great importance in transforming institutional strategies into results is anymore seen as a strategic management tool in public sector nowadays. Therefore, it is gaining more importance to establish an original performance management system that will help public administration organizations reach their visions and strategic targets. Employees are ensured to understand what the targets and priorities are what should be done currently, how the work done contributes to the performance of the institution by a good performance management in public sector. Employees will adopt their jobs and do their best to reach goals when they are aware of what is expected from them and more importantly, when they take place in shaping their targets.

The use of citizen centered public management mentality recently; increasing efficiency and performance in public, raising discussions over quality in public, downsizing of central administration and delegation of some of its power to other units make performance management more recent and significant.

In this study, contributions of performance management and performance assessment systems which have been started to be used in public sector to efficiency and productivity of public management and effect of those on public employees' motivations are analyzed in terms of theoretical perspective.

**Key Words:** Public Management, Performance Management, Performance Assessment, Efficiency, Effectiveness

JEL CODE: M420

### KAMU KESİMİNDE MOTİVASYON VE BAŞARI FAKTÖRÜ OLARAK PERFORMANS YÖNETİMİ: KURAMSAL BİR ANALİZ

ÖZET: Günümüzde, kurumsal stratejilerin sonuçlara dönüştürülmesinde önemli bir öneme sahip olan performans yönetimi artık kamu kesiminde de stratejik bir yönetim aracı olarak görülmektedir. Dolayısıyla, kamu yönetimi örgütlerinin vizyonuna ve stratejik hedeflerine ulaşmasını sağlayacak özgün bir performans yönetim sisteminin oluşturulması gittikçe önem kazanmaktadır. Kamu kesiminde de iyi bir performans yönetimiyle, amaçların ve önceliklerin neler olduğu, şu anda ne yapmak gerektiği, yapılan işin kurumun performansına katkısının ne olduğunun çalışanlar tarafından bilinmesi sağlanabilir. Çalışanlar kendilerinden ne beklendiğini bilip anladıkları ve daha da önemlisi kendi

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hedeflerinin oluşturulmasında rol aldıklarında işlerini sahiplenecek ve hedeflerine ulaşmak için ellerinden geleni yapacaklardır.

Özellikle son zamanlarda vatandaş odaklı kamu yönetimi anlayışının kullanılması, kamuda etkinlik ve performansın artırılması, sıklıkla kamuda kalite ile ilgili tartışmaların yapılması, merkezi yönetimin küçültülmesi ve bir kısım yetkilerinin başka birimlere devredilmesi performans yönetimini daha da güncel ve önemli kılmaktadır.

Bu çalışmada kamu kesiminde uygulanmaya başlayan performans yönetimi ve performans değerlendirme sistemlerinin kamu yönetiminin etkinliğini ve verimliliğini artırmada sağladığı faydalar ve kamu çalışanlarının motivasyonlarına etkisi teorik açıdan analiz edilmektedir.

Anahtar Sözcükler: Kamu Yönetimi, Performans Yönetimi, Performans Değerlendirme, Verimlilik, Etkinlik

#### JEL KODU: M420

#### **1. INTRODUCTION**

Privatization of public management systems recently, downsizing of the state, delegation of central administration's authorities and ministrations to local administrations, worldwide implementations for decentralization in public organizations and hence autonomizing them in administrative and financial terms have started restructuring movements of most public managements in a quite short time. However, these reconstructive factors at the macro level which determining the direction of the necessity for change in the public management mentality caused by global dynamics and presenting fundamental principles on which public management will base in a body are not enough single-handedly to enable public organizations have an flexible, efficient and productive operation structure.

After public administration system is holistically reconstructed on fundamental principles which can meet the expectation for changes, in the second stage it has been brought to agenda that processes and mechanisms necessitated by period of change at the micro level should be created to organize internal structures and operations of public management organizations. To reach its strategic targets holistically, organizations need to form an effective performance management that will create internal consistency and synergy with their norm levels, manpower resources, financial space and equipments.

One of the aspects of traditional public management model criticized mostly is that performance measurements of employees and organization as a whole are neither sufficient nor having a particular standard. Current evaluations in the model are measurements that are unplanned and far from some certain systematic. In fact, performance management in public sector is more difficult in comparison to private sector. On the other hand, performance measurement could also be done in public sector with little effort. This situation may be considered as the result of bureaucratic organizations' structure that needs no measurement because there is no clear idea about what is produced, how is produced, who takes praise and satire or who works better in such organizations (Wholey, 1999: 279). Therefore, who implements his orders is not important for a manager. Consequently, there is no need to measure performance of these orders. If there weren't clear aims indeed, there would not be any ideas about processes and targets and evaluation of programs and people would be too rare and insufficient accordingly (Hughes, 2003: 157).

Performance management brings new concepts, principles and values for public organizations working with traditional methods. Every concept, value and principle related to performance management means actually differentiation from the way things have been done up to now (Ateş ve Köseoğlu, 2011: 13). For example, with performance management, instead of preexisting wage management "equality" politics, "inequality" politics based on the success take place, and instead of input oriented working mentality, output and result oriented working become prominent. That's why it is difficult to understand performance management process and implementations without drawing conceptual framework of performance management and understanding fundamental principles and values of this management mentality.

In this study rising from these problems in performance management of traditional public management and analyzing performance based management which is one of the today's public management reforms, the concept "performance" is related to outcomes produced by a program or an institution and service quality although it means various meanings in the related literature. In this sense, what is meant with performance is the focus on inputs; processes transforming inputs into outputs then results; activities; efficiency and productivity concerning input-output relation. Therefore, performance may be the ratio of current output or output produced to determined targets in terms of any kind of production unit or organization.

# 2. CONCEPTUAL FRAMEWORK RELATED TO PERFORMANCE MANAGEMENT

Like all private organizations carrying on a business in the market, public management organizations also aim to reach their organizational goals through the use of scarce resources such as money, raw material, physical structure, man power in certain processes and production of goods and services (inputs). Although private organizations and public organizations share the same mechanisms in terms of general organizational features and operation structures, they differ from each other at the points whether they seek profit and carry on competition environment or not. No matter what their main aims are either to make profit or to obtain public benefit, they both operate with scarce resources when they are evaluated to the demand coming out (Saran, 2004: 183). Despite all differences, the scarcity of resources used by public organizations and similarities in production processes with private organizations oblige public organizations to act according to priorities of economic rules, efficiency and productivity principles. In other words, public organizations are to operate in accordance with performance criteria.

The performance concept has got a wide meaning covering different elements for administrative science today. While some of its elements have shined out, others have lost their importance or some of them has just appeared (Akal, 1998: 4). When looked at the evolution of performance concept in administrative science, "economy" term firstly confronts us. Economy is accepted as one of the basic principles both for private organizations and public institutions. It is seen that classical management theorists such as Taylor, Weber and Fayol emphasize the parsimony principle. Public institutions and organizations may not always be economic in their expenditures and activities because they work for public benefit. That's why; singly the economy principle is not regarded sufficient (Ateş ve Köseoğlu, 2011: 15).

Input resources that concern more economy principle in performance measurement are though as physical, human (staff, customer etc.) and financial resources in general. Financial input is probably the most important input because acquisition of other resources types depends on the funds available. Moreover, most measurements commonly used in public sector are based on derivatives of this "economy" or input oriented perspective. Thereby, comparisons can be made between similar types of institutions. Cost per case, cost per service type, the number and categories of the staff are examples of generic measurements. These can be transformed into specific measures such as cost per patient, staff-student ratios, unit cost per refuse collection, numbers of coworkers, skilled and professional employees etc. Any change in these performance measurements reflects the "economy" (Boland and Fowler, 2000: 410-431).

Economy concept is a result of efforts to acquire maximum output with minimum cost and provide economy in production of goods and services by resource users and decision makers. In other words, that all resources used for an activity have the minimum cost and optimum quality is called economy (Butt and Palmer, 1986: 37). Therefore, product level which is a data can be reached with minimum cost and it is a concept that suggests both production process be carried out in the most suitable productions scale and regard effects of external benefit and cost. Besides, it anticipates that positive savings and externalities are as high as possible, and goods and services are produced at optimum scales. Thus, more than needed amount of input should not be used to produce goods and services at desired level and amount; on the contrary, more than adequate amount of inputs should be directed to be used in the production of other goods and services. If it happens, economy principle in the production of goods and services in public will be realized (Falay, 1997: 21-27).

With regards to performance measurement and audit, efficiency is then a concept that is obtained when we compare the ratio of input to output to standards or annual targets. Thus, it is about processes concerning activities. Whether management systems and implementations of activities encourage the best use of resources can be understood by comparing a series of normative criteria on what should be to what is (Falay, 1997: 21-27). On the other hand, there is a significant difference between efficiency concept and productivity concept which can be described as arithmetic ratio between the amount of produced goods and services and used resources (Kubalı, 1998: 28). While productivity means the ability to produce something, efficiency means acquiring maximum output from a certain amount of input. For example, the presence of productivity can be understood when something is produced from any input, but the excessive use of input does not mean the presence of efficiency (Falay, 1997: 21-27).

There is an important difference between efficiency evaluation in public sector and that in private sector. Output can be calculated at the sales point and it is directly related to labor used to acquire output or any other input. In public sector, there is a difference between corporate successes in the duties of departments. A department's final output to be compared to its input is its efficiency, and the effect provided by the department's program is effectiveness (Ivancevich and Gibson, 1993: 45). For example, in case public administration educates unemployed people to find a job, the number of educated people per teacher is an efficiency measure. The ratio of educated to those who find a job is its effectiveness. Therefore, the efficiency measure of a government department should be supported with the evaluation of the validity of relation between output of the department and reaching its goals. Furthermore, efficiency efforts in government departments should mainly focus on providing more services with same cost (Prokopenko, 1992: 79).

Economy is completely related to the arrangement and measurement of outputs while the definition of efficiency is accepted as the ratio between inputs and outputs universally. When this definition is read literally, difficulties may occur in the management system when there is a need to establish a common set to be used for inputs and outputs for a meaningful performance measurement. The definition of effectiveness is more

problematic. Basically it is related to outputs of the system, but it expresses the relativity to needs. The use of "outcome" can be preferred to indicate nonphysical and multi-dimensional qualities (Hitt and Middlemist, 1989: 89).

In addition to economy and efficiency concepts in performance measurement, the degree to what extent organization reaches its targets and the dimension of the relation between the desired effect of an activity and actual effect are also important. This situation is called effectiveness; outputs and effects are compared to politics concerning strategic targets and what is wanted to be done (Heap, 1992: 172). Achieving the targets is to reach aims. The relation here is between targeted/planned outputs and current outputs. An effective and efficient program is one that achieves its targets. In fact it is hard to measure effectiveness. Unless performance measurement systems have the capacity to show that public services realize the expected results, they remain limited. System should include effectiveness evaluation as much as efficiency in a narrow sense. Related parties and stakeholders in public administrators should keep them in balanced (Sözen, 2005: 115).

From this perspective, effectiveness is regarded as the most important and crucial concept of performance measurement and audit, and shortly, it can be defined as a performance dimension that determines degrees of organizations to what extent they reach their aims and targets as a result of activities aiming at reaching aims and reaching their strategic targets (Kubalı, 1998: 43). Effectiveness is generally accepted as the degree of realizing a general or specific aim and reflects the value of output. With reference to output value, a service or goods reflecting a low profile can be more effective than those reflecting a high profile. For example, a limited number of well-educated workers reflect a more effective program that a number of uneducated workers. That's why effectiveness criteria can be used when outputs or benefits aren't able to be measured by financial values (Falay, 1997: 21-27).

Effectiveness does not show a physical input-output relation like efficiency, it addresses the transformation process of input into output. As output measure is not possible in public sector especially in social services, the measure of efficiency gets harder. Therefore, how success of public services will be measured according to which criteria and standard poses a problem (Batırel, 1992: 39-47). Effectiveness which means reaching certain aims and outputs with minimum cost and maximization of public aims takes mutual interaction between outputs and aims into consideration. This requires determining same and conflicting aims and outputs, which is difficult in practice. At this point, there are significant differences between effectiveness, economy and efficiency. In other words, an activity that can be accepted as efficient may not be effective. For example, health personnel in a mobile clinic can manage the vaccination program in a school very efficiently and work very efficiently and economically with their available vaccines and equipment. However, the effectiveness of the program is out of question if there is no significant decrease in the percentage of illness as a result of this vaccination program (Butt and Palmer, 1986: 38).

Generally speaking, effectiveness measures whether goods and services or program from which activity is produced is necessary; outputs are produced with minimum cost or not; and most importantly what is aimed by producing that output and to what extend this aim is reached (Weiss, 1993: 146). Though all its importance, effectiveness has been disregarded by many public organizations because of difficulties in measure and realizing (Carter, 1991: 91-111).

#### **3. PERFORMANCE AUDIT AS A METHOD OF PROVIDING EFFECTIVENESS**

Performance audit can be defined as an investigation whether public sector do "the right things in a right and minimum cost way" (Halis ve Tekinkuş, 2003: 169-201). It can be run in all public sectors including central government and local administration in terms of scope of execution. The program aiming to develop effectiveness by generating an administration and control system that increase the necessities of effectiveness and financial liability at all levels came out initially in connection with budget (Fındıkçı, 1999: 61). Performance management system can be implemented without considering the budget although in terms of aims it has similarities to this budget system that defines first services to be performed by expenditure organizations then divides them into programs and activities (Özer, 1997: 93).

Performance management concept is mainly based on two important principle of administration. First; the principle of running an organization by ensuring the best use of its funds, charging administrators for their authorities and expenditures to be able to show decisions in monetary value. Second; the principle of charging administrators for the cautious and effective use of resources (Özer, 1997: 93).

Performance management serves to provide information to the parliament about audited public agency, to insure that these organizations have efficiency, effectiveness and economy in income, expense and resource management, and to give advice to improve their performance (Coşkun, 1998: 43). In this way, it is a mechanism that provides to develop and realize accountability. Besides, it does not only audit whether administration fulfill its classical functions but also anticipates systems and advice to amend and develop administration by questioning the performance when the change within the scope of audit is taken into consideration (Koch, 1997: 70).

Performance audit investigates; whether audited public agency does the activities only under its authorities and fulfill them expectedly, these activities reach their targets; programs and activities are administrated effectively, efficiently, economically in accordance with applicable legislation; funds is spent effectively, efficiently, economically in accordance with applicable legislation; resources are used and administrated effectively, efficiently, economically in accordance with applicable legislation; with applicable legislation (Genç. 1995: 109). Also, these are in the scope of investigation; whether all incomes are collected from the investigated area and these are totally accountable; the accounting system of the organization is suitable for applicable accounting principles, standards and other requirements; financial statement and working reports of the organization account for necessary information completely (Özer, 1997: 63).

Effectiveness audit of activity or organization is focused and process and outputs analyzed in performance audit (Battal, 1996: 115). This ensures establishing aim-resource relation and helps reveal unfavorable situations such as wrong determination of program aims, not using resources completely and effectively, and administrative fallacies. This kind of audit depending on efficient, effective and economic use of resources will find out whether there is a waste of resources, and encourage using resources effectively (Falay, 1997: 21).

There are three reasons why performance audit should be done in public sector; Firstly, development in accountability requires activities and expenses to be evaluated in terms of efficiency, effectiveness and economy (Bilgin, 2000: 102). Performance management is important for tax payers, parliament members, stockholders, common citizens and media because it helps to understand results and executions of different government activities. Doing the performance audit independently from the government whose activities are in the scope of audit will help this (Tekin, 1999: 150). Thus, an independent and alternative

view about the performance of audited public agency is obtained. Secondly, public sector needs a mechanism that replaces market mechanism in private sector that performance audit offers a mechanism that ensures performance, effective and quality service, efficient ,economic and successful working. Lastly, priority decision to choose either program or organizations should be the focus when resources are limited. Performance audit helps to establish a basis for such decisions on future investments and priorities (Leeuw, 1996: 106-126).

## 4. PERFORMANCE ASSESSMENT AS A FACTOR FOR INCREASING THE SUCCESS AND MOTIVATION IN PUBLIC ADMINISTRATION

Performance management implementations is a matter of all function stages of administration such as planning, organizing, execution, financial management, and have three main components. These stages are; performance development and planning in which aims and expectations are mainly defined, forward strategies and measurement criterion are determined; performance assessment in which employees' efficiency and success levels are assessed in accordance with predetermined standards; and performance audit in which deviations between planned and current success levels are revealed by performance measurement tools developed in the direction of predetermined targets and aims (Halis ve Tekinkuş, 2003: 169-201).

Individual and organizational performances are available in public sector just as private sector. Individual performance sets forth success levels of employees of the organization in tasks that they are obliged to perform while organizational performance means total performance of the organization beyond the individual ones, in other words, success level of the whole system (Karakaş ve Ak, 2003: 340-353). Admittedly, organizational performance level is not a value that can be defined as the sum total of individual success levels of employees. It means a level that grows fast and acquires new dimensions with acceleration resulting from shared culture, teamwork synergy, innovativeness, and merging under the aims in the organization (Saran, 2004: 191).

As a motivator, performance based pricing is an important way to increase individual performance accordingly total performance of the organization. Performance based pricing which is based on the principle of making payments by differentiating to the extent employee's contribution to production within the frame of personalization of wage policy in proportion to employees' performances; can be regarded as a performance increasing factor that may remove efficiency and effectiveness problems resulting from standardized wage policy indexed to satisfy hierarchical needs of the organization, and formal norms in classical public administration model (Saran, 2004: 192). If performance based pricing practices which associates employees' success and motivation with wage is based on a rationale and objective performance assessment system that has substantial numeric data and results, public organizations can fulfill expected services by means of using its manpower potential ideally. In addition to this, it will be possible to serve in a way that can keep up with developments and innovations and has suitable quality enough to meet customers' expectations and requests, and thus it will also be possible to reach aims of the organization easier (Karakaş and Ak, 2003: 340-353).

As is seen, performance based assessment are important because they make it possible to analyze performance deeply and evaluate activities of effectiveness of other performance tools independently. That's why the evaluation to be done should have an aim. The aim of the assessment determines the methodology to be used and where the evaluation will be done (Meyvecioğlu, 1999: 13). It should be stated clearly for what purpose the evaluation

will be used. Assessment methods should be in harmony with the aims of the evaluation and cost and time limitations should be taken into consideration.

The aim of performance management in public sector is to develop deciding, resource allocation and accountability. This can be achieved by giving information to public and important deciding processes, and encouraging learning in the organization constantly (Ülker, 2004: 10). If the aim of the evaluation is to develop organizational learning and practice, it is suitable for the organization to evaluate itself. However, the results may be questioned if employees are lack of skills and time and, subjects are limited. If the aim is to develop budget priorities and the evaluator has strong connections with deciding process, it will be suitable for assessment to be done by top management. If the aim of the assessment is to gain new perspectives to organization's policies and evaluation needs experts, assessment should be done by research agencies and executive advisors. But, if the evaluator knows little about essence and culture of evaluated politics and organization, he can only make a theoretical evaluation should be done by independent bodies, but policy manager or the administration in general may be reluctant to accept results and recommendations.

Performance assessment has two main purposes (Palmer, 1993: 75). One of these purposes is to get information about work performance. This information will be needed when making administrative decisions. Decisions on wage rises, premiums, training, discipline, promotions and other administrative decisions are based on the information got from performance assessment (Thompson, 1998: 24). Managerial staff of an organization can't or shouldn't make administrative decisions without information obtained from performance assessment (Uyargil, 1998:150). Like in other human resources politics performance evaluations should be regulated in accordance with legal standards that ban discrimination against any group. Another main aim to do performance assessment is generate feedback to what extent employees approach to standards that are determined in their terms of reference and job analyses. When this feedback is given to employees in a positive manner and supported with vocational training, it will be very beneficial. Most people like to get this kind of constructive and motivator feedback. This feedback also enables employees to see their career in the organization progressing in which direction (Canman, 1993: 65).

As a result, performance assessment is not only a person level psychological need but also it is a significant need in terms of human resources management in an organization because that employees can see their success and failures is important for organizing future works, and their motivation.

#### CONCLUSION AND RECOMMENDATION

The importance of performance management and performance based evaluation for contribution to both self-improvement and efficiency of an organization and administration is accepted in many areas today. In this sense, evaluation is an administrative operation which is used with an aim to determine the success of employee at work objectively and improve person and organization together. It is one of the administration's tasks to ensure works to be performed as efficient as possible in an organization. Main factor to improve efficiency is the employees. Administration will set out employee activities on behalf of the organization. Performance assessment is not a purpose, it is rather a tool that serves to administration. This matter should not be forgotten while designing and running the assessment system. Administration should get tangible benefits from evaluation activity. If evaluation is regarded as something required by legislation and an administrative activity

that must be done, administration will miss out aforementioned benefits. On the other hand, performance system should be suitable for the necessities of the time. Today, performance assessment is anymore understood and developing as the determination of improvement opportunities for employees. Regarding employees incapable without providing them for opportunities to improve is one of the critics against classical systems. A fine link between performance produced during evaluation period and payment to be given at the end of this period should be set up and employees should be informed clearly about how much they will be paid to what extent they show performance. Otherwise, insufficient information about this demotivates employees and causes problems between employees and administration. Also, if the period between the end of evaluation and payment is long, this situation causes unwillingness for employees and performance will not be a wage incentive.

There are various factors influencing the success of performance management and performance based evaluation in public sector. Some of these factors are; training of those who develops the system, evaluates and are evaluated is important for the effectiveness of implementations in performance assessment system. The degree of system developers to what extent they master performance assessment in terms of both organization perspective and the implementation will undoubtedly influence the running it successfully. Those who evaluates and are evaluated should be involved in training programs to know performance assessment concept in general terms and features of the system in their organization.

Use of performance assessment results in wage-salary management is the most critical and problematic issue of the process. Reflecting differences in individual performance to reward system of the organization is one of the main purposes of performance assessment. However, that organizations have a wage system based on scientific and strong bases will eliminate problems and if assessment employees see relation between their efforts and rewards as fair, the success of evaluation system will increase.

The effective use of computer technology in performance assessment will affect the success of the system in a positive way. Previously, the difficulty in reaching employees information collected in folders and trust on administrator's memory in decisions prevented data obtained from performance evaluation system from being used efficiently, but now it is much easier to do aforementioned issues by making use of computer technology.

After performance results are put forward, organizations and employees should focus on how they improve their performances. Arranging trainings for those who are assessment as incapable to improve themselves and increase their contribution to organization or shifting them to units they will be more efficient can be considered. Improving organizations themselves as a whole and creating possibilities to establish and implement performance based pricing system better can be provided by comparing them to other organizations. In other words, organizations can reach a better position by investigating how organizations having positive performance results implement the system, and what kind of mistakes are done by those having negative performance results.

Because performance assessment is an effort to determine to what extent described job and task description is done in unit of time by dealing with a person entirely, it should cover a certain time, be systematic, present measurable concrete results and be result oriented. Performance assessment is a means of communication between employee and administrator as well. Subordinates understand how they seem to their superiors and find an opportunity to make up their deficiencies if available. Public administrators determinate

their employees' training need and development area, plan their career and get an opportunity to see validity of wage and other materialistic expectations.

Reflecting performance assessment results to wages is seen as one of the critical points of performance management system. Reflecting differences in individual performances to wage system should be one of the main aims of organizations. Wage rise in this system is determined according to evaluated performance in previous period. It is a necessity for public organizations using performance based pricing system to have a settled and healthy performance assessment system. Participation in every stage of the system is necessary and performance-wage relations should be explained to employees clearly.

As long as performance based pricing system is implemented either in private or in public sector correctly, it is accepted as a system that increases motivation and efficiency and contributes to work quality. Though not commonly used in public in the world, it is assumed that it will have amendatory effects on some heavy-going institutions in public sector when necessary conditions are provided. These are preconditions to gain these effects; all employees of the organization or company that is going to change its system must have a certain level of training and culture about the subject; employees must have been exposed to a healthy performance evaluation; and terms of reference must be clear.

Another point that should be taken into consideration is that what is evaluated in performance assessment is not the person itself; it is the value of his performance. Therefore, performance assessment process should be done objectively and without any prejudice, which is one of the necessary conditions needed for an efficient performance assessment system. Performance assessment process should not be done as a matter of form and assessment results should be used in necessary places. Under today's conditions public organizations can be efficient and productive only in this way.

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#### **EXTENDED ABSTRACT**

Performance management which has great importance in transforming institutional strategies into results is anymore seen as a strategic management tool in public sector nowadays. Therefore, it is gaining more importance to establish an original performance management system that will help public administration organizations reach their visions and strategic targets. Employees are ensured to understand what the targets and priorities are what should be done currently, how the work done contributes to the performance of the institution by a good performance management in public sector. Employees will adopt their jobs and do their best to reach goals when they are aware of what is expected from them and more importantly, when they take place in shaping their targets.

The use of citizen centered public management mentality recently; increasing efficiency and performance in public, raising discussions over quality in public, downsizing of central administration and delegation of some of its power to other units make performance management more recent and significant.

In this study, contributions of performance management and performance assessment systems which have been started to be used in public sector to efficiency and productivity of public management and effect of those on public employees' motivations are analyzed in terms of theoretical perspective.

On the other hand in this study rising from these problems in performance management of traditional public management and analyzing performance based management which is one of the today's public management reforms, the concept "performance" is related to outcomes produced by a program or an institution and service quality although it means various meanings in the related literature. In this sense, what is meant with performance is the focus on inputs; processes transforming inputs into outputs then results; activities; efficiency and productivity concerning input-output relation. Therefore, performance may be the ratio of current output or output produced to determined targets in terms of any kind of production unit or organization.