



School of
Management and Law

Performance Indicators

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Building Competence. Crossing Borders.

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Performance Indicators

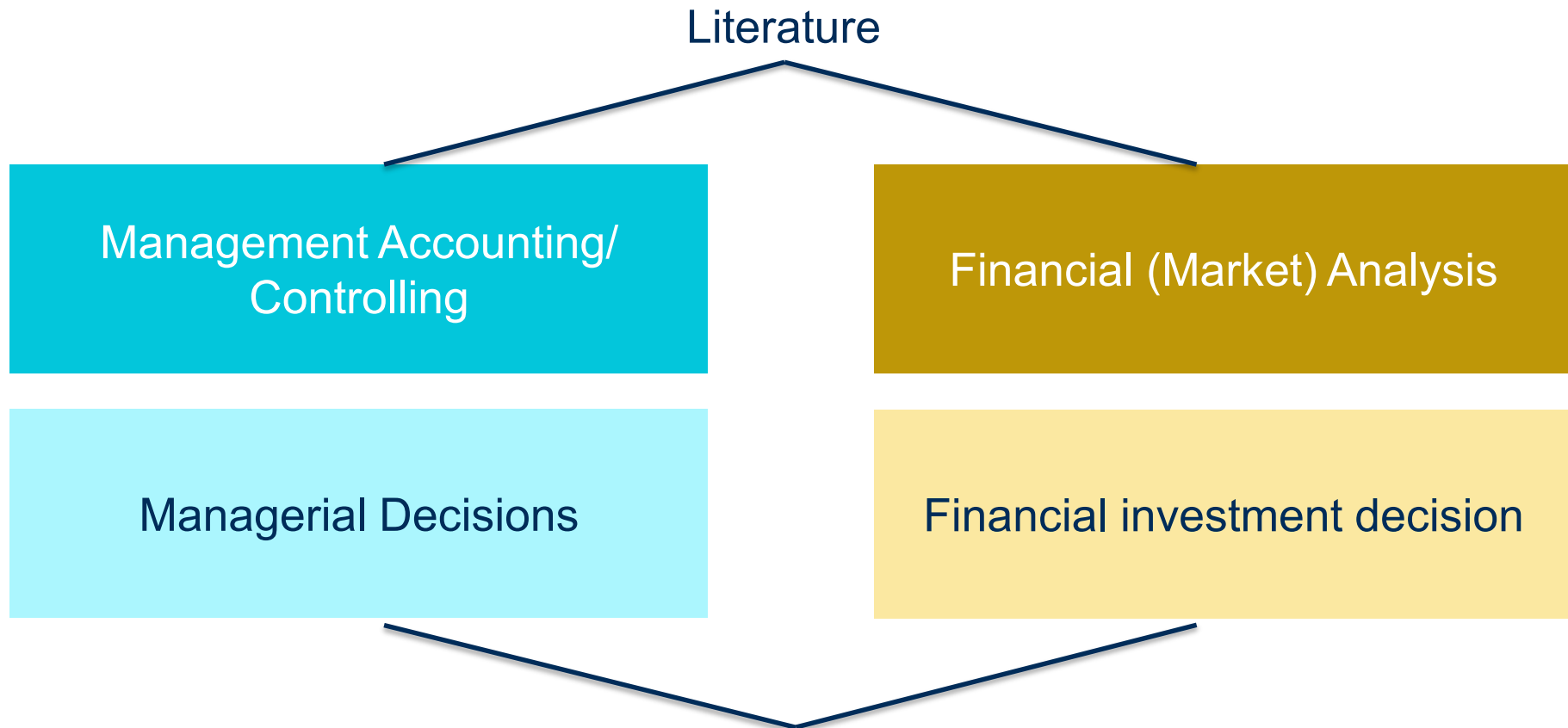
Content

- Academic perspective
- Standard setter perspective
- Use of performance indicators
- Conclusions



Performance Indicators

Academic perspective




but in Public Sector?

*very little ...
.... perhaps: fiscal targets?*

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Standard setter perspective




- IPSASB → see presentation by Ross Smith
- SRS-CSPCP (Swiss Standard Setter for Public Sector Accounting) 
 - Harmonized Accounting Model (HAM): Tradition to define performance indicators since 1977
 - Also the current HAM2, which is based on IPSAS, includes performance indicators
 - Recommendation 17: Fiscal Targets and Instruments
 - Recommendation 18: Financial Indicators

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Standard setter perspective



- HAM2 Financial Indicators 
- Definition of indicators based on stakeholder (user) needs
 - First priority
 - Net debt ratio
 - Self-financing of investments ratio
 - Interest burden ratio
 - Second priority
 - Net debt per inhabitant
 - Self-financing in percent of revenue ratio
 - Capital service share
 - Gross debt ratio
 - Investment ratio
- Annex for exact formula, targets etc.

Stakeholders

- General public/politicians
- Management
- Financial investors
- Financial statistics (GFS)

Yellow shade: require full accrual data

Performance Indicators

Use of performance information



- 1993 to 2011 media analysis
- HAM/HAM2 performance indicators are very frequently used in political discussion and media
- Indicators are easier to communicate than financial reporting information
- By far the most frequently used: Self-financing of investments ratio

→ i.e. an indicator based on full accrual data

Bergmann, Andreas (2012) The influence of the nature of government accounting and reporting in decision-making : evidence from Switzerland . Public Money & Management. 32(1), 15-20.

<https://doi.org/10.1080/09540962.2012.643050>

Performance Indicators

Conclusions



- Performance indicators in the public sector should be based on the public sector specific user needs
- Full accrual basis performance indicators are relevant to users
- Performance indicators are easier to communicate than financial reporting information

Thank you.

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