

**Performance Measurement and Public Value Assessment in the Nigerian Public Sector**  
**By Professor Ndifon Ojong Ejoh**  
**For the Association of National Accountants of Nigeria (ANAN)**

**Abstract**

The role of accountants in the Nigerian public sector is pivotal in fostering transparency, accountability, and societal value creation. This paper explores performance measurement and public value assessment as essential mechanisms to evaluate the effectiveness and efficiency of government programs. By leveraging frameworks such as the Balanced Scorecard and tools like Cost-Benefit Analysis, professional accountants can enhance the public sector's capacity to deliver meaningful outcomes for citizens. The paper also highlights challenges in the Nigerian context and provides actionable recommendations to optimize the role of accountants in creating public value.

**1. Introduction**

Public sector organizations face increasing pressure to demonstrate accountability, transparency, and value for money in an era characterized by resource constraints and heightened citizen expectations. In a world scenario characterized by a slow recovery from the economic crisis, increasing pressure is put on public administration to do more with less. In this context, the creation of public value (PV) becomes critical to legitimize the austerity policies in place. PV creation does not come without problems, especially in Nigeria, where the performance of public sector is still perceived as unsatisfactory, affected by internal and external public disvalue issues. These pressures are exacerbated by socio-economic challenges, inefficiencies in governance, and high level of corruption at the forefront (Dogarawa, 2011). While there is in the literature a wide array of definitions about what performance measurement (PM) and its linkage with PV creation, very limited are the contributions on how it can be measured and made "visible" and manageable.

Recently there has been enhanced interest in public value accounting (PVA), resulting in the development of PVA into a distinct research field that we need to pay attention to (Bracci et al., 2019). PVA takes a special interest in strategic matters of public value creation and its relationship to accounting processes of performance measurement (Höglund et al., 2021b). In this work, PM is viewed as a management tool for measuring of output, outcome, efficiency, effectiveness and equity at various levels of organisations. Thus, performance measurement and public value assessment have emerged as critical tools for addressing these challenges.

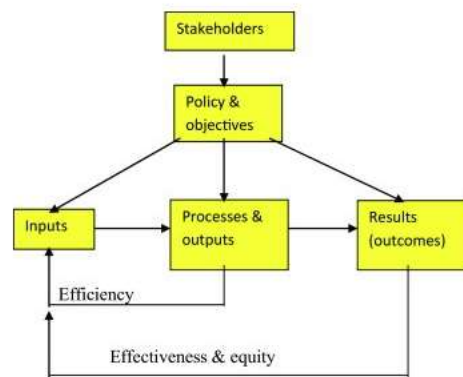
This paper aims to provide professional accountants in the Nigerian public sector with practical insights into the application of these tools. By examining global best practices and contextualizing them within the Nigerian environment, this work outlines frameworks, methodologies, and case studies to enhance public value creation.

## 2. Understanding Performance Measurement in the Public Sector

Performance measurement is a systematic approach to evaluating the extent to which an organization meets its objectives. Unlike the private sector, where success is often measured in financial terms, public sector performance measurement must account for non-financial outcomes that impact societal well-being (Siverbo et al., 2019).

Lewis (2015) argues that performance measurement has become so ubiquitous, because of citizens' unwillingness to accept without question that institutions are performing as they should. Citizens are concerned about the expenditure of public sector funds and sceptical about how limited resources are allocated, worried by programme decisions that they do not agree with, and the unresponsiveness or lack of adaptability of organisations to their concerns. A growing interest in client and citizen engagement in public services, including in regard to the accountability of these services (Damgaard & Lewis, 2014) adds to why citizens' interest in performance measurement has grown.

The influential literatures behind performance measurement — principal/agent separation, and the public choice school — have buttressed the rise of measurement as a necessary means for ensuring that technical and allocative inefficiencies are minimised (Jackson, 2011). When deciding upon what constitutes performance, and how it should be measured, a basic production model is generally used. This follows an engineering approach where inputs are transformed into outputs. Using this as a foundation, a performance model can be represented quite simply, flowing from inputs, through processes and outputs, to outcomes (see Fig. 1). To make this model more aligned with the concerns of the public sector, rather than the production of some commodity, a set of directions from stakeholders flowing into policy making and objective setting, can be added.



**Fig. 1** A simple performance model (from: Johnsen, 2005).

The three boxes from inputs to results, shown in this fairly typical performance model, are utilised in calculating the measures of performance shown — efficiency (the ratio of processes and outputs to inputs), effectiveness (outcomes to inputs), and equity (distribution of outcomes across different individuals and groups in relation to inputs). Such models, of course, ignore such things as the uncertainty of policy and objectives, and the often widely differing stakeholder views.

This model demonstrates that performance measurement is tied to the notion of rationality with efficiency as a centrally important concept. A rational view of the policy process severely underestimates the messiness of its reality, and this is also the case for measuring performance. It relies on a clear understanding of the policy objectives of a programme; otherwise the measurement is not meaningful. Yet this is rarely the situation. The assumption of clear goals is at odds with the reality that public sector goals are, in fact, ambiguous, multiple, complex and frequently conflicting with each other (Jackson, 2011). Multiple stakeholders all have their own definition of performance which reflects their own interests. Uncertainty and ambiguity are well known in political arena, yet the impact of these on performance measurement in terms of unforeseeable consequences is not well developed (Johnsen, 2005).

The significance of performance measurement include:

- **Accountability:** Effective performance measurement ensures that public officials and institutions use resources responsibly, reinforcing trust in governance.
- **Transparency:** It provides stakeholders with insights into decision-making and resource allocation.
- **Service Delivery:** Identifying inefficiencies and areas for improvement leads to enhanced public services.
- **Trust and Legitimacy:** Transparent processes and clear outcomes bolster citizen confidence in government.

Research underscores that performance measurement is foundational to achieving the Sustainable Development Goals (SDGs) in Nigeria (Bello, 2021). For instance, the Federal Ministry of Health's performance measurement system has improved healthcare delivery by tracking indicators such as immunization rates and maternal health outcomes.

### 3. Frameworks for Performance Measurement

Several frameworks guide performance measurement in public sector organizations. These frameworks emphasize both financial and non-financial indicators to provide a holistic view of organizational performance.

**3.1 Balanced Scorecard (BSC):** The BSC, developed by Kaplan and Norton (1996), integrates four perspectives: financial, customer, internal processes, and learning and growth. For instance, in the Nigerian health sector, customer metrics might include patient satisfaction rates and healthcare access. By integrating these perspectives, the Lagos State Health Management Agency has aligned its financial performance with service delivery outcomes.

**3.2 Key Performance Indicators (KPIs):** KPIs are critical metrics aligned with strategic goals. In a Nigerian context, KPIs for an education initiative might include literacy rates, teacher-to-student ratios, and gender parity in school enrollment. For example, the Universal Basic Education Commission (UBEC) has successfully applied KPIs to monitor progress in primary education.

**3.3 Logic Models:** These models map inputs, activities, outputs, outcomes, and impacts. For example, a poverty alleviation program in Nigeria could assess outcomes like reduced unemployment rates and enhanced household income. The National Social Investment Program (NSIP) uses logic models to link cash transfer initiatives with long-term poverty reduction.

**3.4 Public Service Performance Models:** These models focus on service quality, efficiency, and societal outcomes. The SERVQUAL model, for example, measures service quality across dimensions like reliability, responsiveness, and empathy. Nigerian public utilities, such as electricity distribution companies, can benefit from adopting these models to enhance customer satisfaction.

#### **4. Linking Performance Measurement to Public Value**

Mark Moore's concept of public value emphasizes the societal benefits generated by public institutions. Unlike private sector value, which is profit-driven, public value focuses on improving the quality of life and societal well-being.

Within PVA it is important to distinguish between PMM of output and outcome (Benington and Moore, 2011). To deliver public value, organisations need to focus on strategically managing their outcomes and the long-term perspective (Talbot, 2008). Yet this is precisely what has been proven to be difficult in daily practice and, therefore, output tends to be favoured over outcome (Höglund et al., 2018; 2021b). This is often described as problematic, as the use of PM as a tool for measuring output does not provide any insight into the delivered public value (Bryson et al., 2014), and research indicates that using specific output indicators may even be counterproductive (Kallio et al., 2021). Moreover, to achieve specific outcomes it is important to organise stakeholder contact to clarify the strategic goals before they are operationalised (Moore, 1995; Höglund et al., 2021b). While strategic goals seem to express public value thinking, we do not know the extent to which stakeholders are involved in defining them (Bryson et al., 2014). In summary, an ongoing discussion portrays PMM information as either output-based, i.e. information that is simple, comparable and efficient to gather (Kurunmäki et al., 2016), or outcome-based, focusing on creating and strengthening public value and how outcomes are experienced by the public (Norman, 2007).

Papi, Luca, Bigoni, M., Bracci, E. and Deidda Gagliardo, E. (2018) Measuring public value: a conceptual and applied contribution to the debate. *Public Money & Management*, 38 (7). pp. 503-510. ISSN 0954-0962.

The first problematization of PV comes from Moore's work. Moore (1995) conceived a "Strategic Triangle", based on a strategy which must (1) create something valuable, (2) obtain legitimacy and political sustainability from the authorizing environment, and (3) be operationally feasible (Moore, 1995). Since then, a new field of study, Public Value Management, was born and even considered sometimes as a new paradigm to rethink government activities, services delivery systems and public policies (O'Flynn, 2007). Public Value Management literature has devoted much effort in trying to conceptualize what PV is and find possible avenues for its creation and, even if to a lesser extent, measurement. This dynamic is summarized by Horner and Hutton's (2011) "Public Value Dynamic" which is made up of three conceptual areas. The first area, called Authorize, relates to how PV is conceived and legitimated; the second, called Create, focuses on how PV is produced; the third, called Measure, relates to how PV is quantified. The multifaceted concept of PV implies a broad spectrum of possible interpretations in the literature. According to Kelly et al., "public value refers to the value created by government through services, laws, regulation and other actions" (Kelly et al., 2002). Alford considers citizens as the subject who judges what PV is through the expression of preferences in direct deliberations and public representations (Alford, 2002).

#### **4.1 The Public Value Chain:**

- **Inputs:** Resources allocated for public programs (e.g., budget, personnel).
- **Activities:** Actions undertaken to deliver services (e.g., infrastructure projects).
- **Outputs:** Immediate results (e.g., number of roads constructed).
- **Outcomes:** Long-term impacts (e.g., improved transportation access).

For example, the Nigerian government's school feeding program's public value can be assessed through metrics such as student attendance rates, nutritional improvement, and parental satisfaction.

#### **4.2 Performance Measurement as a Driver of Public Value:**

- **Alignment with Citizen Needs:** Ensures that government priorities reflect societal demands.
- **Efficiency:** Optimizes resource allocation to maximize impact.
- **Outcome Orientation:** Shifts focus from outputs to long-term societal benefits.

For instance, the National Health Insurance Scheme (NHIS) demonstrates how performance measurement ensures efficient resource allocation to improve access to affordable healthcare.

## **5. Tools for Public Value Assessment**

Professional accountants use various tools to assess public value. These tools provide both quantitative and qualitative insights into government programs.

**5.1 Cost-Benefit Analysis (CBA):** CBA evaluates whether the benefits of a program outweigh its costs. For instance, investing in renewable energy projects in Nigeria can be assessed for its environmental and economic returns. Research by the Nigerian Energy Commission demonstrates that solar energy adoption reduces electricity costs and environmental degradation.

**5.2 Social Return on Investment (SROI):** SROI quantifies the social, environmental, and economic outcomes of programs. A Nigerian agricultural extension program could use SROI to measure increased farmer incomes and food security. The FADAMA project exemplifies this by reporting significant increases in crop yields and rural incomes.

**5.3 Stakeholder Analysis:** Engages citizens and other stakeholders to identify priorities and assess satisfaction levels. For instance, urban planning projects can benefit from citizen feedback to enhance design and utility. Lagos State's engagement with communities during the Eko Atlantic project showcases effective stakeholder involvement.

**5.4 Data Analytics:** Big data tools analyze trends and predict outcomes. In the Nigerian healthcare sector, predictive analytics can identify disease outbreaks and optimize resource allocation. The Nigeria Centre for Disease Control (NCDC) leverages data analytics to track infectious disease trends.

**5.5 Citizen Report Cards:** These tools gather direct feedback from citizens on public services. For instance, citizen report cards can assess the efficiency of waste management services in Lagos. A recent study revealed that such feedback led to a 15% improvement in waste collection efficiency.

**5.6 Public Sector Audit:** Auditing is a cornerstone of accountability and performance measurement in the public sector, ensuring that public value is derived. Public sector audits provide an independent evaluation of government programs, assessing their compliance with financial regulations, operational efficiency, and effectiveness in delivering societal outcomes. For example, Nigeria's Office of the Auditor-General plays a critical role in scrutinizing public spending and identifying areas of waste or mismanagement. Performance audits go beyond financial compliance to evaluate whether public funds achieve intended objectives. The adoption of international auditing frameworks, such as those from the International Organization of Supreme Audit Institutions (INTOSAI), ensures that Nigerian audits meet global standards. Audits also help build public trust by highlighting successes and pinpointing areas for reform, such as the ongoing fight against ghost workers in public payroll systems.

## **6. Challenges in Public Value Assessment in Nigeria**

The Nigerian public sector faces unique challenges that complicate the assessment of public value. These include:

**6.1 Data Quality and Availability:** Incomplete or inaccurate data undermines reliable assessment. For example, outdated census data affects resource allocation for health and education. Nigeria's National Bureau of Statistics is addressing these gaps through improved data collection systems.

**6.2 Corruption and Lack of Transparency:** Mismanagement of public funds erodes trust and diminishes perceived public value. The EFCC's recent efforts to recover misappropriated funds highlight the critical role of anti-corruption initiatives.

**6.3 Limited Stakeholder Engagement:** Citizen exclusion from decision-making processes leads to misaligned priorities. Community-driven development models, such as those used by the World Bank, provide a framework for inclusive governance.

**6.4 Political Interference:** Shifting political agendas disrupt long-term performance measurement strategies. Strengthening institutional independence, as seen in the CBN's monetary policy framework, can mitigate such risks.

**6.5 Capacity Constraints:** Many public sector organizations lack skilled personnel and modern tools for effective performance measurement. Capacity-building programs by organizations like ANAN aim to address this gap.

## **7. Recommendations**

**7.1 Integrated Frameworks:** Adopt comprehensive tools like the Balanced Scorecard to measure financial and non-financial outcomes.

**7.2 Technology Adoption:** Leverage data analytics, artificial intelligence, and digital platforms to enhance decision-making.

**7.3 Accountability Mechanisms:** Strengthen auditing processes to ensure responsible use of public funds.

**7.4 Stakeholder Engagement:** Foster collaboration with citizens, civil society, and other stakeholders.

**7.5 Capacity Building:** Invest in training programs for accountants to enhance their technical skills.

## **Conclusion**

Performance measurement and public value assessment are indispensable for fostering accountability, transparency, and societal impact in the Nigerian public sector. Professional accountants play a vital role in this process by applying advanced tools and frameworks to evaluate and enhance government programs. By addressing challenges such as data quality, corruption, and capacity constraints, accountants can contribute to building a public sector that truly delivers for Nigerian citizens.

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