

AMERICAN UNIVERSITY OF ARMENIA

THE ADAPTATION OF UK CUSTOMER SERVICE EXCELLENCE  
STANDARD FOR BUSINESS INSPECTION FUNCTION OF THE MINISTRY OF  
ECONOMY

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GRIGOR KHANJYAN

YEREVAN, ARMENIA

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Faculty Advisor

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Dean

American University of Armenia

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## **Abstract**

This internship policy analysis project was conducted at the Ministry of Economy in Armenia and aims to assist the public service reform in Armenia. First of all, this paper will present the UK government standard – Customer Service Excellence as an example of “best practice” in public service provision and will choose the Business Inspection Function of the Ministry for the application of that standard. Secondly, it will come up with a specific workable set of the UK standard for that particular function, which will be based on face to face interviews conducted with the implementers of the function and businesses – the users of the function. Finally, within the framework of recommendations, the paper will apply that workable set to seven issues recommended to the Armenian Business Inspections by the International Finance Corporation and suggest an adapted version of the standard.

## **Introduction**

Due to the problem of poor quality of service delivery in most public organizations the government of the Republic of Armenia has launched a program that aims to set new standards and raise the quality of service delivery in public organizations. The Ministry of Economy of the Republic of Armenia has been chosen to be the pilot of this program.

The purpose of this policy internship project is to work on the pilot for the following:

1. Do research and find one of the world's best practices of service delivery in public organizations.
2. Choose one of the service delivering functions of the ministry that is intended to be or is already under reformation and, taking into consideration the domestic conditions, adapt those standards to that particular function.
3. Try to generalize the adaptability of such standards to Armenia.

## **Literature Review**

Continuing pressure for greater accountability, better value for-money and improved performance have prompted elected officials, particularly during the last decade of the 20<sup>th</sup> century, to endorse the use of performance management (Halachmi, 1996a; Radin, 2000). And as Radin (2000, 168) states, "If there is a single theme that characterizes the public sector in 1990s, it is the demand for performance."

While the broad objectives of the New Public Management and other recent reform initiatives to promote more efficient, effective and responsive government were the same as those of reforms introduced more than a century ago, what was new was their promotion of a customer service focus, market-driven management and accountability for results. Also, the

differences were in the increasing scope, sophistication and external visibility of performance measurement activities, impelled by legislative requirements aimed at holding governments accountable for outcomes (Pollitt and Bouckaert, 2000; Gore, 1993).

The issue there was about shifting from historical experience and creating a public sector performance measurement that would involve more than accounting for finances and answering for performance and would guide the public managers to improve the service quality and results (Lynn, 1998; Kamensky, 1993).

Among the highly publicized performance measurement efforts in U.S. was and is the Government Performance and Results Act (GPRA). GPRA is the centerpiece of a series of critical managerial and financial reform efforts in the federal government that share common goals of better management and accountability for results. Although passed in 1993, actual GPRA requirements began in 1997. GPRA's goals were to improve the confidence of Americans in federal government, focus on the actual results of government activity and services, support congressional oversight and decision-making and improve the managerial and internal workings of agencies within the federal government. Among others, its uniqueness is in its requirement that agency results be integrated into the budgetary decision-making process and that it is statutory and its performance measurement requirements are law (Breul, 2007).

Another broad attempt to reform and advance performance measurement in U.S. is the Service Efforts and Accomplishments Reporting (SEA). It refers to the communication of selected measures of a government's performance results, which includes the public reporting of key service performance indicators that provide decision-useful information about the government's actual accomplishments achieved in pursuit of its goals and objectives. Traditional financial statements provide financial performance information about a

government's fiscal and operational accountability, but they do not provide all of the information needed to determine the degree to which the government was successful. Without SEA performance information, it is impossible to know how efficiently government services were provided and how effective those services were. The focus of the Governmental Accounting Standards Board's (GASB) SEA efforts is in helping governments communicate their most important accomplishments to constituents. The GASB's research efforts reveal that SEA reporting provides important information that can help citizens and their elected representatives to better assess how well their government is achieving its public policy mission (GASB, 2008).

Rankings and Ratings of public service performance are another mean of public sector performance measurement, which have become a familiar part of the international public management scene today (Jones, Dixon and Hood, 2008).

One of the most salient examples of the above mentioned are the governance ratings, where the World Bank quantitative indicators such as the Worldwide Governance Indicators and the Doing Business indicators are very popular among researchers, bilateral donors for aid-allocation decisions, international investors who wish to analyze country risk for their investment and media (Arndt, 2008).

The most common problem of the aforementioned reform efforts, as well as of the well known Thatcher's Financial Management Initiative and of the United Kingdom's Next Steps is that simply knowing that they have achieved or failed to achieve target objectives or standards is not likely to aid public managers in understanding why performance is at the level it is or how managers can effect change (Heinrich, 2003).



In this context Hatry (1999, 6) states that, “A major purpose of performance measurement is to raise questions, it seldom, if ever, provides answers by itself as to what should be done.”

Anyway, the recent reform efforts in United Kingdom came to be one of the success stories of moving from performance measurement to performance management and the UK government standard called Customer Service Excellence is one of its salient examples. The standard provides means of how managers can affect change in the performance and be more accountable.

### **The UK’s Standard and the Business Inspection Function**

For the reason mentioned above the United Kingdom government standard – “Customer Service Excellence” (CSE) has been chosen the one that is convenient to work with and adapt in Armenia.

The CSE standard was developed to offer public services a practical tool for driving customer-focused change within their organization, putting the customers always and everywhere at the heart of public service provision. The standard has five criteria, each of which has specific elements, against which the public organization has to be formally assessed in order to achieve the CSE. Those criteria cover and test in great depth the areas that the research has indicated are priority for the customers, putting emphasis on delivery, timeliness, information, staff professionalism and attitude. There is also emphasis placed on developing customer insight, understanding the user’s experience and robust measurement of service satisfaction (Customer Service Excellence, 2008).

Also, based on the discussions with the minister the business inspection function of the Ministry has been chosen the one that should be worked on. The reason of this choice is

that the improvement of the business environment is one of the primary goals of the public sector reform in Armenia and the inappropriate inspections of the businesses are considered to be one of the major obstacles for their normal functioning and prosperity. Besides, the reformation process of that function has already started and this project will help to better identify the targets and the direction of the reform.

Taking into account the above-mentioned, this paper aims at answering the following research questions:

1. How do the implementers of the function prioritize the criteria according to the possibility of their implementation?
2. How do the businesses prioritize the criteria according to their importance for them?
3. Which is the set of workable standards for the Business Inspection Function?
4. Can the adapted version of the standard for the Business Inspection Function be generalized for other governmental services in Armenia?

## **Methodology**

The methodology used in this policy internship project is based on secondary analysis and face to face interviews. The secondary analysis is applied in research and review of public service delivery standards of different developed countries. Face to face interviews have been conducted with people responsible for the Business Inspection Function and their customers - different businesses that use the service.

## Findings and Analysis

The results of the interviews are illustrated in Table 1 below, which shows the five criteria of the CSE standard prioritized by theory, by the implementers of the function and by businesses. We can see from the table that, as opposite to theory, which gives higher priority to such criteria as Customer Insight and The Culture of the Organization, both the implementers and the businesses give higher priority to Information and Access, Timeliness and Quality of Service and Delivery criteria. Although, the Delivery criterion has appeared on the fifth place for the businesses, this is explained by the fact that in the very theory the Timeliness and Quality of Service criterion gives a more detailed look on the Delivery criterion. Thus, the businesses avoided the details and considered the two as the same or very similar, which is already there in the second place.

**Table 1: Findings**

Priorities	Theory	Implementers	Businesses
1	Customer Insight	Information and Access	Information and Access
2	The Culture of the Organization	Timeliness and Quality of Service	Timeliness and Quality of Service
3	Information and Access	Delivery	The Culture of the Organization
4	Delivery	The Culture of the Organization	Customer Insight
5	Timeliness and Quality of Service	Customer Insight	Delivery

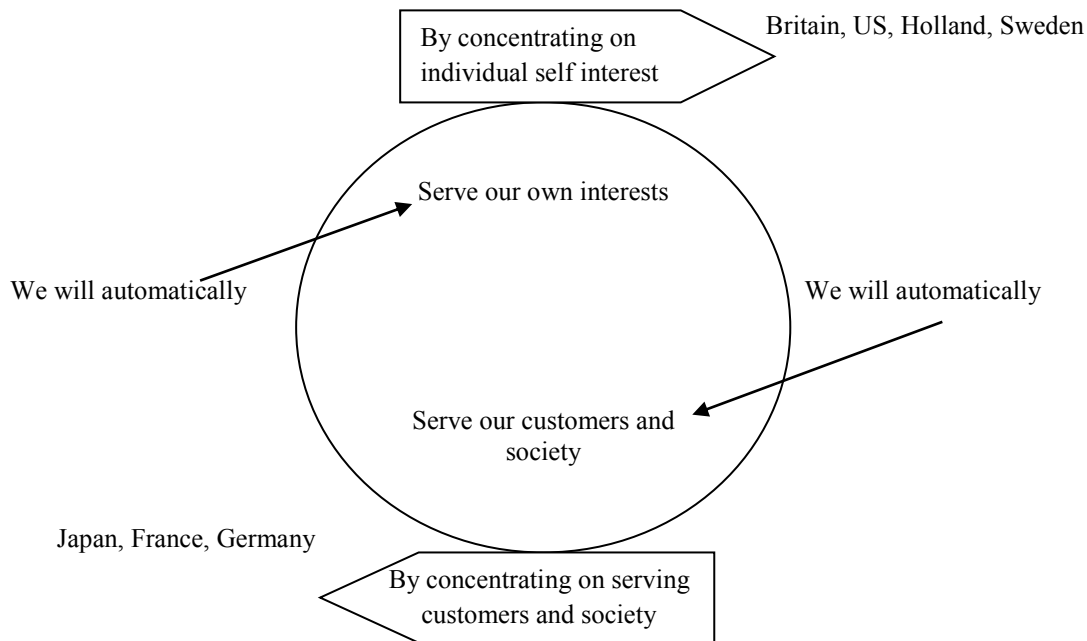
The underestimation of the other two criteria by the implementers may be best explained referring to our cultural differences, which in our case is greatly expressed in the understanding of what a proper government-provided service, in our case inspection, should

be. In our society the vision of the role of the state is a function of authority or exercise of sovereign power rather than as a service provider, the one which the Anglo-Americans have.

We, as a former communist state, as opposite to capitalist states, were totally out of balance between public and private sectors because the state controlled an enormous proportion of all organized activity and there was no or little countervailing force. This is the culture of management that we have inherited from soviet times and it will take much effort and time to put that balance in place and make our government be more businesslike, as it is in privately owned organizations that the customers are served appropriately (Mintzberg, 1996).

In this context, Hampden-Turner and Trompenaars (1993) state that, those are tensions between individualism and communitarianism, where managers from different countries act from different standpoints. According to them managers from Britain, the United States Holland, and Sweden think that by concentrating on individual self interest they will automatically better serve their customers and society and as opposite to them, managers from Japan, France and Germany think that by concentrating on serving customers and society they will automatically serve their own interests, (see Figure 1, p. 13).

**Figure 1: Individualism vs. Communitarianism**



The businesses, on the other hand, explained their choice saying that currently having the other three in place, meaning properly developed standards for timeliness and quality of service, proper delivery standards, accurate information for those services and easy access to that information, is more important for them than the way the organization perceives its customers, meaning the customer insight and the culture of the organization. By saying currently they meant that for their normal functioning it is more vital to have the above mentioned three in place but in a longer run the change of the culture is not less important.

### **Analysis and Recommendations**

The received feedback, including the huge resistance and less interest towards the two least prioritized criteria by implementers and by businesses correspondingly, also the qualitative analysis, based on the feasibility of the implementation of the elements of each of

the criteria, created room to recommend the following workable set of the standard for the Business Inspection Function:

1. Possibility to almost fully and more easily implement the elements of the Information and Access, Timeliness and Quality of Service and Delivery criteria.
2. Almost impossible implementation of the elements of the Customer Insight and The Culture of the Organization criteria.

Here it has to be mentioned that, although the overall picture of the situation is exactly the way it is described in the above-mentioned two points, it is not that stationary and we can find means to paraphrase the customer oriented expressions and change the culture without naming it.

In order that this doesn't seem to be too general but be more realistic and valuable, the elements of each of the criteria have been juxtaposed with the seven issues, which the International Finance Corporation (IFC) has offered in its 2008 Armenia Inspections Assessment Report to the Armenian Government to work on for the improvement of the Business Inspection function.

Those issues, which are about targeting inspection visits, publishing detailed and transparent procedures for inspector visits, including control of on-site discretion, developing an inspectorate information system, having a proper inspectorate staff training program, creating complaint mechanisms, developing coordination among inspectorates and proportionality and variety of sanctions, have been presented within the scope of the guidelines for reformers and represent the good international practice (IFC Report on Armenia Inspections Assessment 2008).

As, for the ease of the reader to follow, it is partly illustrated in Table 2, and thoroughly explained and illustrated below (see Appendix A, p. 34), all the elements of the five Customer Service Excellence criteria are applied to each of the above-mentioned issues separately, where every one of the elements has green, yellow or red color that is different or, better to say, not necessarily the same from one issue to another. Those colors are given to each of the elements according to the assumption of the feasibility of their implementation in relation to each of the seven issues, based on the feedback got from the interviews and the resulted workable set.

**Table 2: CSE Criteria applied to IFC Recommended Issues (partly)**

<i>Criteria</i>	Targeting inspection visits	Procedures for inspector visits, including control of on-site discretion	Inspectorate information system	Inspectorate Staff Training Program	Complaint mechanisms	Coordination among inspectorates	Proportionality and variety of sanctions
<b>Customer Insight</b>							
Customer Identification	green	green	green	green	green	green	green
Engagement and Consultation	yellow	yellow	yellow	red	yellow	inappropriate	yellow
Customer Satisfaction	red	red	red	red	red	red	red

The green color means that the element is quite feasible for the particular issue and can be implemented easily. The yellow color means that the element is possible to implementable but it, most often, needs to be paraphrased in order to reduce the resistance towards itself and ease the process. In other words, it is in these cases that we need to paraphrase most of the customer-oriented expressions. And finally, the red color means that the element itself and in relation to the issue particularly, has strong cultural resistance towards itself and is not implementable under existing conditions. It also means that in this

case the problem has deeper roots in our cultural understanding of the role of the inspection function and there is no way that it can be solved by paraphrasing.

There are also elements that have been found inappropriate to be applied to or just discussed in relation to this or that issue because of their very sense or connection with other issues correspondingly. This means that there are some cases when the application of a particular element to a particular issue is meaningless because they mismatch by the sense they hold, also there are cases when two issues supplement each other and it is appropriate to discuss that element in relation to only one of them.

Before passing to the detailed explanation of the application of the CSE criteria to each of the IFC seven issues, two more things are to be mentioned. First is that Charter Mark Standard, the predecessor of CSE standard, is also used in the below-mentioned explanation of the elements. The reason for this is that sometimes the criteria of the Charter Mark Standard hold more detailed explanations of their elements, which in most cases are the same with the elements of the CSE criteria and can better explain the demands of each of the elements.

Second thing is that everywhere in the explanation part the word customer has been substituted by the expression regulated economic agent. This replacement is also a part of the paraphrasing and changing the culture without naming it, since, as it turned out during the interviews, most of the inspectors don't view businesses as their customers.

### **IFC Issues and CSE Criteria**

As has already been mentioned, the first issue recommended by IFC is the about targeting the inspection visits, which means that the inspectorate should track repeat offenders and high-risk sectors, maintain databases of sufficient or, at least approximate



detail to track risks by sector and business, and target inspections to those activities and firms where risks are highest (risk based approach) (IFC Report on Armenia Inspections Assessment 2008).

In order to achieve the above mentioned, it is very important that the inspectorate develops an in-depth understanding of the characteristics, needs and preferences of its regulated economic agent groups, as well as hard to reach groups, which is the demand of the Customer Identification element, the first element of the Customer Insight criterion. For this it is also important that the organization, in our case the inspectorate, has a profile with its carefully segmented and classified agent groups and their understanding, developed through one-to-one interviews, surveys, observations and etc (Charter Mark, 2004).

As we can see in Table 1, (see Appendix A, p.39), the aforesaid is rather easily implementable and is marked with green color not only in relation to this but for the rest of the issues also. This is quite logical because the implementers aren't against of having their regulated agents properly segmented and, besides, once having the proper segmentation of the clients supervised; it can be used for working around all of the issues.

Things are different with the second element of the Customer Insight criterion. This element called Engagement and Consultation demands that, in our case, the inspectorate develops policies, strategy and assures the support of leadership for engaging, consulting and involving the full range of its regulated agents and their groups in planning and developing its procedures and strategies. This should be done with range of methods appropriate for their needs, which should have the aim of developing the regulated agent focused service and its constant improvement. Here the regulated agents should also be advises of the results and the actions taken (Customer Service Excellence, 2008).

Among the tools that the element outlines for the engagement and consultation of the staff, regulated agents and their groups is the regulated agents and staff feedback received via letters, e-mails, comments, complaints, forums, focus groups, as well as survey researches and meetings with regulated agent groups. It is also very important that the inspectorate includes the experience of the front-line staff, which is in daily contact with regulated economic agents (Charter Mark, 2004).

In this case the element is marked with yellow color in relation to this issue because it may be implementable only in the case when the end goal of the engagement and consultation be paraphrased and instead of presenting it as having the aim of creating a regulated agent oriented service and consult them on the results and actions taken, which is very unreal because of our cultural understanding of what the role of proper government inspection should be, the emphasis should be put on the engagement and consultation for the creation of a proper information system that will identify the high-risk sectors and businesses in those sectors.

In this context the inspectors will not resist to engage businesses and consult with them for gaining information. Thus, based on this very same logic this element is marked with yellow color also in relation to the issue about the creation of an inspectorate information system, which is considered to be the base for the development of a risk-based approach.

The third and the last element of this criterion that is called Customer Satisfaction demands that the organization, in our case the inspectorate develops reliable and accurate methods, such as surveys and other forms of feedback and qualitative information to measure the satisfaction levels of the full range of its regulated agents for all aspects of its service (Customer Service Excellence, 2008).

The element also demands that the organization develops understanding of how the success of improvements should be judged, including the specific criteria for success because it is important that it makes improvements, which are most important for agents, and which should also include details of actual improvements, including costs, savings, benefits, timescales, responses from agents and evaluation. Another demand of this element is that the results are analyzed and publicized together with publishing the action plan developed for the improvement of any dips and problems found, which, in its turn, can be done, for example, through discussion groups, leaflets or posters that should include views on all aspects of the inspector visits procedure, also include information comparing satisfaction levels over years and how people's views are being collected and how often this is being done, as well as the process used to react and improve (Charter Mark, 2004).

In this case the element is marked with red color, again, not only in relation to the issue of the targeted inspection visits but also to all the others because, as it turned out from the interviews, the inspectorate, due to the above-mentioned cultural understanding of the role of the inspectorate, has absolutely no will to measure the satisfaction of its regulated agents, because, first of all, it is an inspectorate and it is not supposed that its regulated agents be satisfied with its activities and, moreover, the implementers of the function are sure that whatever they do the regulated economic agents will remain dissatisfied. This also means that no improvement and, moreover, any analysis or publication of the satisfaction levels is currently possible.

The first element of the second criterion called The Culture of the Organization is also marked red color in relation to all of the IFC recommended issues. It is quite logical, because this criterion and especially this element called Leadership, Policy and Culture has one of the

most direct relations with the culture within the organization, which in our society, as we already know, is quite different from the one the developers of this criterion have.

This element demands that the organization has a corporate commitment to putting, in our case, its regulated agents at the heart of the service provision, which, for example, can be stated in the corporate vision and values statement and should be supported by the leaders of the organization. The element also demands that the organization uses the regulated economic agent insight to drive its policies and design services in a way that they supports the right of all agents to expect excellent levels of service. In addition, the element demands that all the regulated agents and their groups are being treated fairly, which should be confirmed by the feedback and agents' experience measurement, and also the staff of the organization should be encouraged and empowered to participate and promote the regulated agent focused culture of the organization, in our case, of the inspectorate (Customer Service Excellence, 2008).

As it can be seen from the above-mentioned this element holds such features, which essentially oppose to the vision of the role of the management that we have in Armenia and gets most of the cultural resistance.

The element called Staff Professionalism and Attitude, which is the last element of this criterion, is found inappropriate for implementation in relation to this issue. This element demands that the organization develops and delivers, in our case, regulated agent focused service through the recruitment, training and development policies of its staff, which has to be polite and friendly and with proper understanding of agents needs. In addition, it says that the provision of agent focused service should be priority at all levels of the organization starting from the front line, whose insight and experience should be incorporated into internal processes, policy development and service planning (Customer Service Excellence, 2008).

If it is only the second part of this element that should have been taken into consideration, then it would definitely be marked with red color because the provision of a agent-oriented service can hardly be apriority for the implementers of the function. But as the emphasis of this element is on the development and delivery of a better service through the recruitment, training and development policies of the staff, it has been found inappropriate to apply in relation to this issue because of the very sense it holds.

The first three elements of the next criterion called Information and Access, which are the Range of Information, Quality of Information and Access, are marked with green color for all of the recommended issues except for this one and the one related to coordination among inspectorates. In the case of the former this element is found inappropriate to be discussed because the only information that can be provided here is about the inspectorate information system, which, as has already been mentioned, is the base for developing targeted inspection visits and will be discussed later as a separate issue. In the case of the latter the element is found inappropriate to apply because the information here is of an internal origin.

The fourth element of this criterion called Co-Operative Working with Other Providers, Partners and Communities demands that the organization makes formal and informal partnerships, arrangements and plans with other providers and partners to offer and supply co-ordinated services for the improvement of the access and services for, in our case, all regulated agents and their groups from all sections of the community, ensuring clear lines of accountability for the quality of the service. It also demands that this is done for the benefit of the regulated agents, be coast-effective and the regulated agents know how to access the co-ordinated services (Charter Mark, 2004).

This element is marked with yellow color in relation to this issue because it needs to be paraphrased in a way that the end goal of the cooperation is not seen in the provision of benefits for all the regulated agents and the improvement of the quality and access of the service, which will gain a lot of resistance, but is seen in the creation of a proper information database for better functioning of the inspection.

The next one is the criterion called Delivery. This criterion has three elements, first one of which is called Delivery Standards. This element demands that the organization, in our case the inspectorate, sets precise and measurable standards for the main elements of its service that reflect the needs, expectations and rights of its regulated agents and the general public, monitors and meets those standards and it's departmental and performance targets, also consults with its regulated agents and staff on setting reviewing and raising those standards (Customer Service Excellence, 2008).

This element is marked yellow in relation to this issue, since the setting of a risk-based approach is a delivery standard in itself and can be considered as a specific level of performance and not just a general promise or aim. Again, the problem here is that the end goal of the development of this standard should be paraphrased and not seen in the reflection of the needs, expectations and rights of the regulated agents but as a development of a sufficient database, where the engagement and consultation of the agents is only possible in the scope of defining the risky sectors.

The second element of the Delivery criterion called Achieved Delivery and Outcomes demands that the organization, in our case the inspectorate, shows that it is delivering the service that it has promised to its individual regulated economic agents and that the outcomes are positive for the majority of them, which can be done using agents feedback, views on their service experience and survey responses. Also, it demands that the organization

demonstrates that it benchmarks its performance against that of similar or complementary organizations and uses that information for the improvement of the service, develops, learns and publishes the best practice identified within and outside of the organization (Customer Service Excellence, 2008).

This element is marked red in relation to this issue for the very same reason as the aforementioned element called Customer Satisfaction. As we already know the implementers of the function had expressed no will to measure any performance and satisfaction levels that are related to the basic functions of the inspectorate.

The third element of this criterion, called Deal Effectively with Problems, has no problems of implementation and is marked with green color in relation to all issues because, created once; it will serve for all of the services of the function. But, since one of the issues is specifically related to complaints mechanisms, it is found appropriate to be discussed in relation to that particular issue.

All the three elements of the Timeliness and Quality of Service criterion are found inappropriate to be used in relation to these issues because of the very sense they hold and will be discussed in relation to other issues.

The second issue recommended by IFC is about procedures for inspector visits including also control of on-site discretion. This means that the inspectorate should publish detailed, transparent and consistent procedures covering every step of the inspection process, through final resolution of problems and inspectors should not have the unilateral authority to set penalties or close worksites (IFC Report on Armenia Inspections Assessment 2008).

As has already been explained and will not be mentioned again, for this issue, as well as for all the others the Customer Identification element is marked with green color and the

Customer Satisfaction element is marked with red color. But the second element, which is about engagement and consultation, is again marked with yellow color because it needs to be paraphrased. The aim of the engagement should not be presented in the creation of agent focused service but in a proper identification of the regulated agents and formation of their groups and the consultation should not be an end goal itself but a mean for achieving efficiency of segmentation.

In relation to this issue, the issue of procedures for inspection visits and the control of on-site discretion, the Staff Professionalism and Attitude element is also marked with red color. The problem here is not in the impossibility to draft a new manual of procedures, but it is in the ability to implement it. The issue is that with given low salary levels it requires commitment and devotion that is hard to implement.

As we already know the first three elements of the Information and Access criterion are marked with green color in relation to this issue as well, because the provision of complete and accurate information with proper access is mostly welcomed by the inspectorate.

The element called Range of Information demands that the organization, in our case, the inspectorate makes the information about the full range of provided services available for its regulated agents. It demands that the information includes how and when the service is run, who is in charge, how much, how and when the people can make payments if there are any. In addition, any information about any change for procedures should be published and be available for the regulated agents (Customer Service Excellence, 2008).

The next two elements of this criterion, called Quality of Information and Access demand that the provided information be accurate and relevant to the needs and preferences



of its current and potential regulated agents, be in plain and jargon-free language and easily accessible, provided using variety of appropriate channels such as phone, letter, web site, e-mail or personal visits. Besides, it demands that in order to improve the accessibility the organization should provide flexibility such as changing visit hours to suit agents, provide direct dial or free phone numbers and organize joint work with other providers (Customer Service Excellence, 2008).

The aim of this properly provided information is that the regulated economic agents know about the procedures of the inspectorate and also how and when they can contact the inspectorate.

In order to achieve this, the element also suggests making specific efforts, such as open days, advertising, news releases and press cuttings to publicize the services. In addition, through surveys, meetings and etc. the inspectorate should make sure that the regulated agents have received and understood the information and use their feedback to make improve improvements in the provision of the information (Charter Mark, 2004).

But the fourth element, which, as we already know, is about cooperation with other providers, partners and communities, is marked with yellow color because the end goal of the cooperation for the development of a new manual should not be seen in the improvement of the service for the benefit of the regulated agents but should be seen in a creation of a new contemporary and internationally accepted standard. The problem here is that the implementers of the inspection function see their task not in working for the benefit of their regulated agents but in spreading compliance among them in order to save the public. Implementers of the function often see their beneficiaries not the regulated agents, but the public as a whole.

Almost for a very similar reason, the Delivery Standards element is also marked with yellow color in relation to this issue. Here also the end goal should be seen in the creation of a contemporary standard itself and not in a creation of a standard that reflects the needs and preferences of the regulated agents and needs to be consulted with them.

The Achieved Delivery and Outcome element is marked with red color in relation to this issue simply because of the absence of the implementers' will to do anything that will reflect the needs of the regulated agents and analyze any outcome.

The first element of the Timeliness and Quality criterion called Standards for Timeliness and Quality is marked green in relation to this issue. The element demands that the organization, in our case the inspectorate, develops concrete, appropriate and measurable standards and targets for the timeliness of response to regulated agents' contact for all access channels and set comprehensive standards and targets for all aspects of the quality of its service, including the quality of response to phone calls, letters and etc. This, as it is mentioned in the element, may also include practice on wearing name badges, giving names over the phone and displaying photo boards (Charter Mark, 2004).

The second element of this criterion called Timely Outcomes demands that the inspectorate advises its regulated agents about its promises on timeliness and quality of services, identifies individual agent needs at the first point of contact and ensures that appropriate person is dealing with the agent. Besides, it demands that the regulated agent information is shared with colleagues and partners within the organization in order to reduce the unnecessary contact (Charter Mark, 2004).

It becomes obvious from the description of the element why it is marked red in relation to this issue. We can see that it demands engagement and consultation of the regulated agents

for the development of concrete standards on timelines and quality for one of the basic and essential procedures of the inspection function and, moreover, demands that it reflects needs of the regulated agents, which, as we already know, has strong resistance from the implementers of the function.

Achieved Timely Delivery is the next and the last element of this criterion that demands that the organization, in our case the inspectorate, monitors its performance against its standards for timeliness of quality of service, meets those standards, showing the regulated agents' feedback on achievement of service delivery within agreed timescales, and publicizes its performance as well as deals with any problems identified (Customer Service Excellence, 2008).

This element is marked with yellow color in relation to this issue, because the purpose of the monitoring of the standards, which is possible to achieve through surveys, web comments and complaints, should be paraphrased from being agent oriented into an ordinary activity that can give possibility to assess and improve the overall quality of the inspectorate's work, including the procedure for inspection visits.

The next issue recommended by IFC is about creating an inspectorate information system, which means development of an online, integrated management database based on systematic, timely national information collection mechanisms to ensure completeness and reliability. The database should permit allocation of resources on risk-based criteria, tracking of outcomes, risks, and events in the business sector. It should provide public information on risk by sector and enterprise, and protect confidential business information (IFC Report on Armenia Inspections Assessment 2008).

The only element that is left to be discussed in relation to this issue is the Co-operative Working with other Providers, Partners and Communities because all the other elements, either have already been discussed or are found inappropriate to be applied to this issue because of the meaning they hold.

The element that is about the cooperative working is marked with yellow color because the purpose of the cooperation have to be paraphrased and the end goal should be seen in cooperation for the creation of a better integrated management database with access to the data of other agencies but not in the improvement of the access and service for the benefit of the regulated agents, which, as we know, is the actual demand of the element.

The next issue that is recommended by IFC is about inspectorate staff training program, which suggests that a technical exam is used in the recruitment process. Inspectors receive initial training in procedures, and annual training in key technical and problem areas and a large percentage of inspectors have the appropriate professional certifications in their areas of work (IFC Report on Armenia Inspections Assessment 2008).

What is left to discuss in relation to this issue is the element about the engagement and consultation of the regulated agents, which is marked with red color in relation to this issue because, due to our already well known cultural understanding of the role of a proper inspection, it will be extremely difficult to convince the implementers of the function to get the advice of their regulated agents about which are their primary gaps and dips that they think is needed to be changed, trained and improved.

The next element that is left to be discussed here is the Staff Professionalism and attitude. This is marked with yellow color because the purpose of the changes and improvements of the recruitment process and staff training should not be viewed in the provision and

improvement of a regulated agent-focused service but as a normal procedure, which would help the implementers of the function be more prepared for their job and get some good experience outside the regulatory body as well, which is also the reason why the element related to the cooperative working is also marked with yellow color in relation to this issue.

All the other elements are found inappropriate to be applied in relation to this issue because of the very meaning they hold.

The next issue recommended by IFC is related to complaints mechanisms, which means that the inspectorates should offer easily accessible means of filing complaints about businesses or about inspectorate activities. Complaints should be anonymous when necessary and followed by independent unit of the agency (IFC Report on Armenia Inspections Assessment 2008).

It is worth that the discussion of the application of the elements in relation to this issue starts with the third element of the Delivery criterion, which, as we already know, is called Deal Effectively with Problems. This element demands that the inspectorate develops an easy-to-use complaints procedure, which should include a commitment to deal with problems fully and solve them whenever possible within a reasonable time limit. It also says that the staff should be trained and empowered to handle the complaints objectively and put things right and, besides, that the complaints procedure should be set out in stages with named contacts for each stage, where regulated economic agents should be able to complain in writing, by e-mail, over the phone or in person. The procedures should include the address and phone number people can contact for an independent review (Charter Mark, 2004).

This element, as we already know is marked with green color in relation to all the issues because the interviews showed that the implementers of the function have already

made steps to have a proper complaints mechanism and are committed to make improvements in it.

Here the element related to the engagement and consultation with regulated agents is marked with yellow color because in this case also the engagement and consultation should not be seen as end goal themselves but a mean for achieving efficient segmentation and identification of the regulated agents, which will result in a better complaints mechanism, accessible for different segments.

The element called Staff Professionalism and Attitude is marked with yellow color in relation to this issue because for those members of the staff who should be trained and be responsible for following the complaints, the end goal of their properly implemented work should not be presented in maximizing the benefit of the regulated agents and providing a better service for them but should be seen in a well performed task itself.

The element related to the cooperative working with other providers and partners is marked yellow in relation to this issue because the end goal of the cooperation should be presented in achieving easily accessible complaints mechanism and not a one that would serve for the improvement of the service to the benefit of the regulated agents.

The first element of the Timeliness and Quality of Service criterion is marked with green color in relation to this issue because as we already know, the implementers of the function were concerned about creating a proper complaints mechanism. But the second element called Timely Outcomes is red, since, as we already know, it will be extremely difficult to convince the implementers to get the advice of the regulated agents about their promises on timelines and quality of the complaints mechanism with its users.

But the third and the last element, discussed in relation to this issue, called Achieved Timely Delivery is marked with yellow color because, as in the case of the issue about the procedures for inspection visits, the purpose to monitor the performance of the inspectorate against the standards and quality of the complaint mechanism should be paraphrased from being done for the benefit of its agents supervised to an ordinary activity that gives possibility to assess the overall quality of the complaints mechanism.

The next issue, recommended by IFC, is the issue related to coordination among inspectorates, which suggests that the inspectorate has formal agreements to coordinate with other inspectorates with overlapping jurisdictions. The inspectorates agree not to ask for the same piece of information more than once from any business, and they coordinate data sharing (IFC Report on Armenia Inspections Assessment 2008).

Most of the elements are found inappropriate to be applied to this issue because the origin of the issue is very internal and doesn't give much room for our criteria to be applied. From the rest of the elements only the one related to cooperative working with other providers, partners and communities haven't been discussed in relation to this issue before. It is marked with yellow color because the end goal of the cooperation in this case should be paraphrased and seen in the identification of the areas of duplication and overlap, which are costly for the inspectorates and not in the provision of a better service, oriented to the needs of the regulated agents.

The next and the last issue recommended by IFC is about proportionality and variety of sanctions, which means that the inspectorate should develop a large and graduated set of options for sanctioning businesses, rewarding fast correction of problems and gradually moving to coercive solutions proportionate to the offense. In addition, it suggests that a penalty structure is set out with criteria for each penalty and a graduated approach is

developed, with warnings and cooperative approaches as a first choice (IFC Report on Armenia Inspections Assessment 2008).

The case of this issue is somewhat different from the others because, being means of punishment, the penalties and sanctions cannot be oriented to the benefit of the regulated agents by themselves, although they can be properly distributed in accordance to each sector and segment of the regulated agents. For this reason the application of some elements has different explanations.

For this issue the element related to the engagement and consultation of the regulated agents is marked with yellow color because the consultation with the regulated agents on the timelines and quality and the assessment of their needs can be presented not as an end goal but a mean for achieving proper distribution of sanctions among segments of the regulated agents.

The element called Staff Professionalism and Attitude, is marked with red color in relation to this issue because whatever recruitment, training and development policies be implemented for the staff, in the case of the penalties and sanctions it will be extremely difficult to do any paraphrasing and convince the implementers of the function to be agent oriented because this would mean the elimination of their main weapon.

In this case the element about the cooperation with other providers, partners and communities is marked with green color because here the cooperation can be viewed only as a mean to achieve a better access to the information about penalties and sanctions, which is quite possible to implement.

Here the two elements of the Delivery criterion, which are the Delivery Standards and Achieved Delivery and Outcomes are also marked with green color because the setting of



proper criteria for each penalty, as suggested by IFC, is a precise and measurable standard, which, if developed in accordance to each sector and segment of the regulated agents, would, hate it or love it, in some way reflect the needs of the agents and could have positive outcomes for each of them.

The element about the setting of standards for timeliness and quality is marked with green color. But the next one called Timely Outcomes is marked with red, since the setting of penalties and sanctions are a rather internal issue for the inspectorate and the implementers will hardly ask the advice of the regulated agents about their timeliness and quality and identify their individual needs. The last element of this criterion called Achieved Timely Delivery is marked with yellow color because here the monitoring of the performance against the standards for timelines and quality should not be presented as something done for the identification and elimination of problems for the benefit of the regulated agents and a better service provision for them but should be seen in the overall assessment of the sanctioning system for a better functioning of the inspectorate.

The aforementioned analysis of the elements and their implementation in relation to the IFC recommended issues create room to come up with the following adapted version of the CSE standard for the Inspection Function:

**Table 3: Adapted Version of CSE Standard**

	<b>Criteria</b>	<b>Elements</b>
1.	<i>Customer Insight</i>	Customer Identification
		Engagement and Consultation
2.	<i>Staff Professionalism and Attitude</i>	
3.	<i>Information and Access</i>	Range of Information
		Quality of Information

		Access
		Co-Operate for Your Better Functioning
4.	<i>Delivery</i>	Set Contemporary and Sufficient Standards
		Have Effective Complaints Mechanism
5.	<i>Timeliness and Quality of Service</i>	Standards for Timeliness and Quality
		Assess and Improve the Quality of Service

As we can see in Table 3, in the adapted version the Customer Satisfaction element is left out from Customer Insight criterion for already discussed reasons and it is left with only two elements that are the Customer Identification and Engagement and Consultation. In the case of the former the purpose is obvious it is about proper knowledge of the clients. In the case of the latter the emphasis of the involvement of the regulated agents should be put on the purpose to talk with them to know them better and properly segment them by their needs, characteristics, preferences, risks and etc.

Because of the strong resistance that the demand to change the culture of the organization into a more client-oriented one has got from the implementers of the function, The Culture of the Organization criterion is replaced with and is presented by its element called Staff Professionalism and Attitude, which can more or less be paraphrased and presented as having a goal to create a staff of better professionals but not a one that is client-oriented. This means that people will agree and be ready to have special trainings, new recruitment and development policies for the purpose of having a better, well trained and professional staff.

The Information and Access criterion is left almost without changes. The only change has been made in the name of the fourth element, which says Co-Operate for Your Better Functioning. This means that the end goal of the co-operation with other providers, partners and communities should be paraphrased and seen in easing the tasks and sometimes reducing the expenses of the inspectorate and not in providing a better service for the regulated agents and their groups.

Delivery criterion is left with two elements, which in their turn have some changes in their names. Instead of Delivery Standards in the adapted version we have Set Contemporary and Sufficient Standards, which although doesn't seem to call to have standards that reflect the needs, expectations and rights of its regulated agents, but holds a very meaning. The element called Achieved Timely Delivery has been left out because of the reasons discussed above. The next element is renamed into Have Effective Complaints Mechanism, which, as to me, sounds less accountable then Deal Effectively with Problems. Besides, an effective complaint mechanism may, to some extent, be used as a mean to measure the regulated agents' satisfaction, which has been completely left out in the adapted version of the criteria.

The Timeliness and Quality of Service criterion is also changed. The Standards for Timeliness and Quality element is left as it is and Timely Outcomes element is left out for already discussed reasons. The Achieved Timely Delivery element is renamed into Assess and Improve the Quality of Service. The latter means that the purpose of monitoring the inspectorate's performance against its standards for timeliness of quality of service and meeting those standards is paraphrased and is presented not as something done for the benefit of the regulated agents but as assessment and improvement of the overall quality of the provided service.

## **Conclusion**

Overall the above mentioned analysis showed us that, one of our main problems on our way to reform the public service provision is in our cultural differences, which in our case is significantly expresses in our understanding of what the role of a proper inspection function should be. It is one of those negative consequences of the soviet legacy that is deeply rooted in our mentality and creates lots of obstacles on our ways of reformation and development.

But let us be optimistic and believe that the implementation of the above-mentioned adapted workable set of the Customer Service Excellence criteria in an above described paraphrased or unanimous way will melt the ice and be a step forward towards a more customer-oriented implementation of the inspection function and the improvement of the business environment in Armenia in general. I believe that the implementation of these elements even without accepting of their being customer-oriented will of itself bring to the desired results.

This paper doesn't give us enough bases to generalize the adapted version of the standard in Armenia because the inspection function is only one of the three levels of service provision in public organizations. We know that in public service provision we have the ministerial level, which develops the general plan and strategy of the service provision and set tasks for its agencies, which are the actual implementers of the tasks and occupy the second level on our scale for public service provision. The inspection function is the third level, which checks the compliance of the users of the service with the requirements of the service. Thus, we have the UK standard adapted to the inspection function but we still have the other two left.

I believe that the political will together with reliable assessment of the specificities of each of the other two levels of public service provision and the realization of similar exercises with each of them may create a room for us to generalize the adaptability of this standard to Armenia.

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## Appendix A: CSE Criteria applied to IFC Recommended Issues

<b>Criteria</b>	Targeting inspection visits	Procedures for inspector visits, including control of on-site discretion	Inspectorate information system	Inspectorate Staff Training Program	Complaint mechanisms	Coordination among inspectorates	Proportionality and variety of sanctions
<b>Customer Insight</b>							
Customer Identification	green	green	green	green	green	green	green
Engagement and Consultation	yellow	yellow	yellow	red	yellow	inappropriate	yellow
Customer Satisfaction	red	red	red	red	red	red	red
<b>The Culture of the Organization</b>							
Leadership, Policy and Culture	red	red	red	red	red	red	red
Staff Professionalism and Attitude	inappropriate	red	inappropriate	yellow	yellow	inappropriate	red
<b>Information and Access</b>							
Range of Information	inappropriate	green	green	green	green	inappropriate	green
Quality of Information	inappropriate	green	green	green	green	inappropriate	green
Access	inappropriate	green	green	green	green	inappropriate	green
Co-operative Working...	yellow	yellow	yellow	yellow	yellow	yellow	green
<b>Delivery</b>							
Delivery Standards	yellow	yellow	inappropriate	inappropriate	inappropriate	inappropriate	green
Achieved Delivery and Outcome	red	red	inappropriate	inappropriate	inappropriate	inappropriate	green
Deal Effectively with Problems	green	green	green	green	green	green	green

<b>Timeliness and Quality of Service</b>							
Standards for Timeliness and Quality	inappropriate	green	inappropriate	inappropriate	green	inappropriate	green
Timely Outcomes	inappropriate	red	inappropriate	inappropriate	red	inappropriate	red
Achieved Timely Delivery	inappropriate	yellow	inappropriate	inappropriate	yellow	inappropriate	yellow