

THE IMPACT OF FINANCIAL PERFORMANCE ON THE QUALITY OF PUBLIC SERVICES

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Abstract

In terms of the global economy financial performance is influenced by many operative and financial factors. Public enterprises also are influenced by many important factors such as successful corporate governance, the level of expenditure and the level of revenue collection. In order to offer qualitative public services for the clients, public enterprises have to achieve positive financial performance. This performance can be sufficient only on operational level. In an economy where prices are regulated by the regulatory offices, the collection of revenues is not adequately implemented, the level of expenditure is increasing, and financial performance is almost always negative. In these cases revenues generated from the activity of the public enterprises are not enough to cover the expenses which in most of the cases are very high compared to other similar private businesses.

In these environments, public services are at the lowest level or quality of services is generally at a low level. The next challenge for public enterprises in Kosovo is going to be the process of having positive financial performance and improvement of the quality of the public services. Almost all public enterprises in Kosovo are having difficulties with revenues which will ensure the development of their activity. Therefore, based on the current situation, public enterprises in Kosovo must prepare to face these challenges and have to find solutions that will help the managements of the public enterprises to meet the minimal requirements which will directly increase the level of services to citizens. Thus, the improvement of financial performance will be the target of the managements of public enterprises, board of directors, and shareholders.

Keywords: public enterprises, financial performance, quality of service, price, corporate governance.