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# **SIMPLIFICATION AS A NEW TOOL IN STRATEGIC MANAGEMENT AND PERFORMANCE MANAGEMENT IN THE PUBLIC SECTOR THE CASE OF EU COHESION POLICY**

## **Abstract:**

Public sector and in particular EU Cohesion Policy creates complex organisational structures, activities and processes to deliver and implement specific policy objectives. Therefore, a theoretical approach for simplification is highly demanded by both beneficiaries, managements and stakeholders. While organisations tend to create complexity in the absence of a strategic management and strategic performance management approach there is a growing interest to identify tools which top managers can use to deliver the simplification in their organisations in the public sector. The scope of the research presented in this paper is to identify a method to simplify the complex system of EU Cohesion Policy in order to increase its efficiency, effectiveness and impact.

## **Keywords:**

Simplification, Public Sector, Strategic Management, Strategic Performance Management, EU Cohesion Policy

## **1. INTRODUCTION**

### **1.1.Scope**

This paper has been drafted as a response to the problem of complexity of organisational structure, processes and overregulation of the public sector and in particular the complexity of the management and control system of EU Cohesion Policy. The scope of the research presented in this paper is to identify a method to simplify the complex system of EU Cohesion Policy in order to increase its efficiency, effectiveness and impact.

It aims to answer the following research questions:

- Why the public organisations create complexity?
- Which is the relation between simplification, strategic management and strategic performance management?
- How to develop a strategic management tool in order to deliver simplification in complex public organisations?

### **1.2.Context**

The complex management and control system is acknowledged by both beneficiaries of EU Cohesion Policy funds and managers of public authorities involved in managing those funds. The low absorption rate of the EU Cohesion Policy

compared with centrally managed EU investment programmes ( e.g. Horizon Europe) is much lower and it is inherently due to a more complex structure resulted through the shared management mode ( i.e. between the European Commission and the EU Member States).

The European Commission has acknowledged this problem and tried to propose simplification measures each seven years during the change of the EU regulations of Cohesion Policy as well as during the mid-term review of these regulations. The High level group on simplification, created by the European Commission in 2015 which concluded its work in 2017, was one attempt to simplify the system of cohesion policy at the EU level. Simplification has been one of the core discussions during the negotiations process at EU level on EU Cohesion Policy regulations. Some Member States (e.g France and Romania) created special task forces or inter-ministerial working groups to deal with the complexity in the implementation of Cohesion Policy funds and tried to find ways for simplifying the access and management of these funds at national, regional and local level.

The research in this paper benefited of the previous work of the author on simplification and increasing efficiency and effectiveness of Cohesion Policy at EU and national level in Romania. The author during his 20 years work experience has been involved in various project cycles of the Cohesion Policy working at both EU Institutions and as a consultant for an EU leading policy evaluation company and for one of the “Big Four” firms.

### **1.3. Significance**

Despite the several attempts to simplify the way EU Cohesion Policy is implemented at the EU and Member State level, researches neglected to analyse the causes which generated this complex system. Moreover, there is a lack of research related to integrate strategic management, strategic performance management and project management into the organisations governing the management and control systems of the Cohesion Policy in order to deliver simplification for the beneficiaries and increase its impact, efficiency and effectiveness.

Beyond the urgency to simplify the access and implementation of EU Cohesion policy, the importance of this research is higher as currently Member States are developing the so-called Operational Programmes for the period 2021-2027 which are strategic documents which sets priorities at national, regional and local level. Therefore a Simplification tool integrated in a strategic management and performance management system which can be used by the public authorities involved in the management and control of EU Cohesion Policy is highly important.

### **1.4. Methodology used**

The methodology used for this research was based on previous outcomes of the author of this paper related to the research problem described above and the literature review.

### **1.5. Potential outcome**

Trying to understand the complex systems created by the public organisations, the links between simplification on one side and strategic management and performance management on the other side and based on available tools such as Balanced Scorecard, Six Sigma Approach and Adaptive Cycle, the research described in this paper tries to develop a new strategic management tool which could be called “Simplification Scoreboard” in order to be used while implementing strategic management and strategic performance management within the organisations managing the EU Cohesion Policy at Member State level in order to deliver high efficiency, effectiveness and impact.

The paper is limited in describing the EU Cohesion Policy and its complexity and is rather focused on the Simplification as a tool to deliver high impact and quality results by reaching the initial objectives.

### **1.6. Structure**

The paper is organised around the following chapters:

- Literature review which describes the main previous studies relevant for responding to the research questions of this paper.
- Methodology which is based on a qualitative method and open data analysis.
- Results obtained following the open data analysis.
- Discussions of the main finding of research for this paper.
- Conclusion of the research performed for this paper.

## 2. LITERATURE REVIEW

The main subject under consideration is how to simplify the complex management and control system of the EU Cohesion Policy in order to increase its efficiency, effectiveness and impact by surveying a number of relevant books, articles and papers. The objective of the literature review is first to understand the reasons for which public administrations create complex organisations and processes in the way they deliver public policies. EU Cohesion Policy and its way of implementation in Romania served as an example. Second, the literature review surveyed the concept of simplification on one side and strategic management and performance management on the other side and its interlinks. The aim was to study if and how simplification could be delivered by introducing strategic management and strategic performance management at the public organisations level.

Third, the literature review looked at three strategic management and strategic performance management tools and tried to identify if and how a new tool could be developed with the aim to deliver organisational and processes simplification.

### 2.1. Public organisations create complex management systems

In order to explore possible options, first there is important to understand why public organisations tend to create complex systems for implementing policies and strategies. The review in this first part is based on the previous research of the author of this paper regarding simplification and increasing efficiency and effectiveness of EU Cohesion Policy at EU and national level in Romania.

#### 2.1.1. The EU Cohesion Policy

First, the author studied the complexity of the management and control system of EU Cohesion Policy. The legal basis for the EU Cohesion Policy is article 174, article 175 and article 344 of the Treaty on the Functioning of the European Union. Based on that, the EU regulations on Common Provisions, European Regional Development Fund and Cohesion Fund, European Social Fund, Interreg and the new Just Transition Fund are providing the legal framework of the EU Cohesion Policy. In addition, secondary legislation such as delegated and implementing acts are added to the framework as well as national legislation in numerous fields in which cohesion policy invests.

The literature review for this paper has excluded an in-depth analysis of the complexity of the legal framework and the procedures at national level and in particular in Romania as that work had been previously performed by the author. The conclusion was that the management and control system of the EU Cohesion Policy is complex. Moreover, analysing the case of Romania it had been concluded that the system is even more complex. One particularity of the management of the management and control system of the EU Cohesion Policy is that there is no strategic management nor strategic performance management applied.

On the other hand, inherently public organisations create complexity in terms of organisation and processes. This conclusion resulted indirectly from the survey of the book “The Road to Serfdom”<sup>1</sup> in which Friedrich A. Hayek analyses different systems of government.

Based on previous research of the management and control system of the EU Cohesion policy is complex and the public organizations managing this system do not apply a strategic management nor a strategic performance management for setting goals, choosing activities and actions to achieve them and allocating human and other resources for achieving their goals. Moreover, there is not a measurement system in place to assess if the goals of public organizations involved in the management and control system is meeting them in an efficient and effective manner. The main indicator for success is absorption rate. It is a qualitative indicator and does not reflect the efficiency, effectiveness and impact of Cohesion Policy. Analysing this indicator and the data over the period 2014-2020<sup>2</sup> it shows a slow allocation of money to projects which could be also explained in the complex system of management and control.

### 2.2. Strategic management, strategic performance management and strategic simplification

Then, the literature review surveyed the concepts of strategic management, strategic performance management, organizational strategy, structure and processes, simplification and their interlinks. Therefore, the literature review in this phase focused on reviewing definitions, the role and tools of strategic management and strategic performance management and how they are applied in private and public sector.

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<sup>1</sup> Hayek, F.A., 2010, The Road to Serfdom

<sup>2</sup> <https://cohesiondata.ec.europa.eu/>

### 2.2.1. Strategic Management

Based on Kenneth Andrews's definition of corporate strategy and the paper analysing this concept, we can define strategic management as collectively supported process in an organisation that analyses its situation, formulate, implement and evaluate its strategy, develops strategic objectives and actions to achieve them while re-organising its resources to support the achievement of its strategic goals.<sup>3</sup> The strategic management can also be defined as "the art of the possible"<sup>4</sup>. We can say that strategic management is the management of developing, implementing and evaluation organisation's strategies.

Organisations fail if they do not distinguish between operational effectiveness and strategy as Michael Porter described<sup>5</sup>. The strategy in his view is about positioning differently than competitors by innovating and performing new actions and simplify complex and unnecessary activities as well as creating strong interlinks between them ( the so-called fit concept). If we transfer this notion to a public organisation it could be concluded that governmental organisations should limit their intervention in order to create complexity and overregulation. We might argue that a public organisation in order to improve effectiveness and efficiency should formulate and implement strategies in order to differentiate from what and how they have done in the past. A strategic approach for a public organisation is to combine activities in a simple way with strong interlinks while ensuring effectiveness at the level of each activity and a strong and effective leadership. A complex organisation is a sign of weak leadership which cannot make trade-offs and decide what not to do.

The paper "The issues that shape strategy"<sup>6</sup> explored the idea of political system as an influencing factor to the strategy. This is an important finding to be integrated in simplifying the EU Cohesion Policy. We could argue that a political system in a Member State and the government and administrative culture related to risks can have an impact to the strategy of the organisations involved in the management and control system of the EU Cohesion Policy.

### 2.2.2. Strategic Performance Management

Harvard Business Review Guide to Performance Management defines this concept as the modalities to assess and increase organisation's human resources effectiveness.<sup>7</sup> The Performance management is a key tool to align employees goals with organisational strategic objectives in order to improve the quality of organisational outputs. This guide also looked at how performance management evolved over time and emphasised the importance of integrating the new concepts while setting goals beyond SMART criteria by taking into account of their importance for the organisation and also moving from a yearly assessment towards and ongoing exercise. This book looked at performance assessment of employees and not at the performance assessment of organisations as a hole or different divisions or units. Therefore performance assessment could be linked with the organisational goal of simplification and individual goals for simplification.

The concepts and the links between Strategic management, performance management and accountability in the public sector are discusses in a paper<sup>8</sup> which concluded that accountability should be integrated in organisation's performance management system instead of a separate element. In addition it is concluded that the outcome which assesses the impact of outputs should be also measures in public sector performance management system. An additional finding of this paper is that the strategic management in public organisations overlooks a key aspect which is to decide on priorities and linking the resources to those priorities.

We can conclude that the performance management in private organisations is different than those in public organisations. The concepts of accountability, control and impact is defined also in the EU Cohesion Policy. To integrate accountability into the performance management of public organisations is pertinent and it should be measures towards the tax payers expectations rather than the political level. To measure the impact of public sector organisations is important but the link between outputs and outcome should be clearly defined. The gap in public organisations is that while strategies at policy level are usually defined and budgetary resources are allocated to them there is rarely a strategy and sub-consequent link to resources ( human and others). To build on the concept of the paper Strategic management, performance management and accountability in which complex system can be reformed by

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<sup>3</sup> Harris,J.,Chen,M-J.,Fairchild,G.,Freeman, R.E.,Venkataraman,S.,Mead,J.,2010,What is Strategic Management?

<sup>4</sup> Von Tunzelmann,A., 2000, Strategic Management, Performance Management and Accountability

<sup>5</sup> Porter, M.E., 1998, What is Strategy ? Harvard Business Review, 1998, 74-91

<sup>6</sup> Meeus,L., 2021, The issues that shape strategy, The European Business Review March/April

<sup>7</sup> Harvard Business Review, 2017, Guide to Performance Management, 1

<sup>8</sup> Von Tunzelmann,A., 2000, Strategic Management, Performance Management and Accountability

themselves, the complexity of the EU cohesion policy can be solved in this way by involving beneficiaries of projects to reform the system. In other words, it could be said that in order to deliver simplification a bottom-up approach is essential and it requires a performance management system in place to assess the achievement of it.

## **2.3. Simplification as a tool**

The needs to simplify the EU Cohesion Policy for beneficiaries is not new. It has been identified by the author of this paper in his previous work when performing assignments for Simplification of Cohesion Policy for the period 2014-2020 and 2021-2027 as well as Simplify and increase the efficiency and effectiveness of the Cohesion Policy in Romania in 2018.

In addition, the paper “How to improve European Union cohesion policy for the next decade”<sup>9</sup> identifies the need to simplify the cohesion policy and to focus on a result oriented approach.

### **2.3.1. Strategic and Performance Management Tools**

Among the strategic and performance management tools, the current paper reviewed the literature on the Balanced Scorecard, Six Sigma Approach and Adaptive Cycle.

The Balanced Scorecard was developed by Kaplan and Norton in order to measure the performance of an organisation in order to provide key information to the top.<sup>10</sup> This tool was developed following one year research on several companies and aims at providing senior management with a global view of the business while limiting the unnecessary information. It provides four measurement areas: financial, internal, customer and innovation. In the article “Using Balanced Scorecard as a Strategic Management System”<sup>11</sup> the concept was developed from its initial stage in order to become a strategic management tool. It could be used to improve and communicate the strategy, to link it with individual goals, budgets and long term targets and undertake performance reviews.

We can conclude that simplification process could be delivered through the Balanced Scorecard tool. If we would like to integrate this concept to the public sector we can say that financial can be taxpayers perspective, customers could be beneficiaries of EU Cohesion Policy, Internal could be the organisation to deliver the policy and innovation could be the added value.

The paper “Six Sigma Approach to Performance Management”<sup>12</sup> concluded that this method is suitable for performance management following an analysis of its application in the Motorola performance management simplification project. As explained in this paper the approach was used at the origin by Motorola and consists of several tools at its disposal. This paper mentioned above presented the methodology so-called DMAIC ( Define, Measure, Analyse, Improve and Control). We can conclude that Six Sigma Approach could be also feasible tool to be used in the Simplification of EU Cohesion Policy.

#### **2.3.1.1. Organisational adaptation and Adaptive Cycle Tool**

In the book Organisational Strategy, Structure and Processes<sup>13</sup> the authors found after looking back in time that innovative companies emerged when they were able to organise complex things in a simple way. They divided in two groups the previous thinkers on organisational adaptation: those who believe structures follows strategy and those who demonstrated structures limits strategy. In this book the authors filled in a research gap which was of a high importance for top managers which is organisational adaptation. We can say that for the public administration the latter tends to prevail.

While trying to analysing the simplification processes we should understand the perspective of organisational adaptation and strategic choices concept. The findings of that book are relevant in our case as it present the optimal strategic adaptation when it relates not only with its environment but also with top management.

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<sup>9</sup> Darvas,Z.,Mazza,J.,Midoes,C., How to improve European Union cohesion policy for the next decade, Bruegel

<sup>10</sup> Kaplan,R.S., Norton, D.P., 1998, The Balanced Scorecard - Measures that Drive Performance, Harvard Business Review

<sup>11</sup> Kaplan,R.S., Norton, D.P., 2011, On Strategy, Using Balanced Scorecard as a Strategic Management System, Harvard Business School Publishing Corporation, 167-190

<sup>12</sup> Liu,Y.,Li,K.,Mclean,A., 2013, Six Sigma Approach to Performance Management, Journal of Applied Sciences

<sup>13</sup> Miles, R.E.,Snow,C.C, 2003, Organisational Strategy, Structure and Processes, Stanford University Press

Adaptative Cycle Tool developed by Miles and More in the above mentioned book, consists of three areas which management can tackle: entrepreneurial, engineering, and administrative:

- The Entrepreneurial problem is dealing with the choice of product/market domain;
- The Engineering problem is concerned with the choice of technologies for production and distribution.
- The Administrative problem is about creating the structure and processes needed for the chosen strategy and in parallel ensure ongoing innovation.

Public sector could be seen as a reactor if we apply the four types of organisational adaptation of Miles and More. That means that usually public sector organisations adapts as a reaction of legislative change or political decisions and do not adapt by anticipating changes as in the private sector. That is the case with the implementation system of the EU Cohesion Policy.

In the public organisations and within the EU Cohesion Policy entrepreneurial problem could be defined as a choice of delivering the outputs/services in a simplified way. The engineering problem, it could be that by delivering in a simplified way a digital and artificial intelligent solution could be used as technology. The Administrative problem is to re-organise internal processes to deliver services in an efficient and effective way with no errors and with the highest impact. In addition the next structure should also develop ongoing innovative way of delivering the strategic goals.

## 2.4. Preliminary conclusion

The literature review identified that despite the major interest for simplifying the way public policies are delivered and in particular the EU Cohesion Policy, there is little academic treatment of this topic. Moreover, the research on finding theoretical explanations of the factors which determined complexity in public organisations and how they can be simplified is limited.

The review of literature for this paper was grouped to analyse the research questions. The first question Why the public organisations create complexity found its answer in analysing strategic and performance management literature. Simplification needs organisational adaptation. It could be concluded that that without a strategic management and a performance management in place public organisations tend to become complex and develop complex processes. A private organisations always tends to respond to market needs with a lower and higher degree and its budget is linked with the turnover and how it performs on the market. Contrary, the public organisations cannot auto regulate as their budget is not linked with market competitive forces. A public organisation cannot become bankrupt even if it delivers services in an inefficient way.

Therefore there was important to continue to review the literature focusing this time on the tools available for strategic management and strategic performance management in order to identify how simplification can be delivered with this tool. It has been concluded that the Balanced Scorecard, Six Sigma Approach and Adaptative Cycle are suitable tool for simplifying the public organisations and in particular the management and control system of the EU Cohesion Policy.

This paper fills in the gap in existing literature regarding simplification of complex public organisations and in particular the management and control system of the cohesion policy.

There are various tools which have their origin and are applied for the private sector in the field of strategic management and strategic performance management which can be implemented in the public sector as well. The literature review did not identify contradicting ideas and they all converged and complement each other. The difficulty is to transpose the concept developed for the private sector to the public sector and in particular to the management and control of EU Cohesion Policy.

## 3. METHODOLOGY

The methodology used in the current research is adapted to find the answer to the three major research questions:

- Why the public organisations creates complexity?
- Which is the relation between simplification, strategic management and strategic performance management?
- Can simplification be used in developing a new strategic management or performance management tool?

In order to respond to the first question the author relied on his previous analysis of the public sector and in particular of the management and control system of the EU Cohesion Policy. Data available regarding the implementation of the

EU Cohesion Policy in Member States has been analysed.<sup>14</sup> The management and control system is the sum of the public authorities in a Member States which are in charge with the management and control of the Cohesion Policy funds and are also known as Structural and Cohesion Funds.

The methodology used for the second question was literature review. The method is qualitative and follows a logical path to seek a theoretical sound answer to how to achieve simplification in public organisations in particular the EU Cohesion Policy management and control system in order to become more efficient and effectively deliver its goals.

The key elements of the qualitative research<sup>15</sup> are:

- Design is based on purposeful definition which means a case study is analysed. Looking at the public sector the case study was selected as the organisation of the management and control system of the EU Cohesion Policy.
- Collection of data is based on the personal experience and engagement over 20 years with the EU Cohesion Policy and in analysing simplification and organisational strategy and effectiveness of the EU Cohesion Policy over the last 10 years.
- The analyses used in this methodology is the inductive analyses which looks at all date and details and tries to identify patterns and inter-relations. It is an exploring-finding confirmation method.

Regarding the third research question, three strategic management and performance management tools were analysed Balanced Scorecard, Six Sigma Approach and Adaptive Cycle. Based on the previous analysis of the public sector and experience with simplification of the management and control system of the EU Cohesion Policy, the author tried to develop a new tool as a hybrid tool to be used when implementing both strategic management and performance management in the public sector and more particular within the management and control system of the EU Cohesion Policy.

## 4. RESULTS

The research for this paper is based on a qualitative method. However, open data regarding Cohesion Policy has been analysed and the result is clear. The absorption rate of Cohesion Policy as presented in the data published by the European Commission Directorate General for Regional Policy shows that for the period 2014-2020 it amounts between 45% to 82% in early 2021.<sup>16</sup> That is the year after the end for the period which is 2020. The absorption rate during the period 2014-2020 showed that the management and control system was unable to efficiently and effectively deliver its goals which was to finance projects based on a set of priorities, as laid down by the Cohesion Funds regulations.

The Conclusion is that data analysis result shows that the EU Cohesion Policy management and control system is complex and needs to be simplified.

## 5. DISCUSSION

Before starting the discussion we should remember the research problem and the related questions. The research problem described in the introduction is the complexity of organisational structure, processes and overregulation of the public sector and in particular the complexity of the management and control system of EU Cohesion Policy. The scope is to identify a method to simplify the complex system of EU Cohesion Policy in order to increase its efficiency, effectiveness and impact. The findings which will be discussed below are linked with the following research questions:

- Why the public organisations create complexity?
- Which is the relation between simplification, strategic management and strategic performance management?
- How to develop a strategic management tool in order to deliver simplification in complex public organisations?

Based on previous analyses of the complexity of the EU Cohesion Policy management and control system, the open data portal of the European Commission ( DG REGIO),<sup>17</sup>simplification activities performed by the European

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<sup>14</sup> <https://cohesiondata.ec.europa.eu/>

<sup>15</sup> Based on the University of Southern California Research guides [Qualitative Methods - Organizing Your Social Sciences Research Paper - Research Guides at University of Southern California \(usc.edu\)](#)

<sup>16</sup> <https://cohesiondata.ec.europa.eu/>

<sup>17</sup> <https://cohesiondata.ec.europa.eu/>

Commission and the author of this paper and the literature review, the findings resulted following the research performed for this paper can be grouped as follows:

1. **Complex system.** The public sector tends to create complex structures and processes and the EU Cohesion Policy management and control system is an example of that;
2. **Need for a strategic approach and simplification.** The strategic management and strategic performance management are rarely integrated in the public sector nor in the management and control system of the Cohesion Policy; The need for simplification for beneficiaries accessing and managing Cohesion Policy funds is extremely high;
3. **Strategic simplification.** There is a need for a special tool in order to simplify the complex structure and processes of the Cohesion Policy.

### **5.1. Complex system resulted by the lack of strategic management**

Following the literature review on strategy, strategic management and strategic performance management one of the finding is in their absence at the level of a public sector organisation results into complex systems which lack in efficacy and effectiveness. That means those organisations are not using the best ration between resources and activities and the achievement of objective and that the strategic objectives if there are set are not achieved by individual goals. Moreover the added value of activities performed by the organisation have no or limited impact and added value for stakeholders.

The public organisations which are implementing policies such those implementing EU Cohesion Policy do not develop a strategy and usually confuse the strategy at the policy level with the organisational strategy for achieving the results of that policy. Therefore, a strategic management and consequently strategic performance management are not available. While organisations lack in strategy or poor strategy they tend to react to external environment and therefore create more complex structures, activities and processes to deliver their objectives.

### **5.2. Need for a strategic approach**

The need for a strategic approach is different than in the private sector. The private sector is guided by the market rules and those organisations which cannot adapt their strategies tend to go out of the market and become bankrupt. Market forces in a competitive environment are regulating and reward those organisations which have good strategies and a efficient system of strategic management and performance management. That is not the case in the public sector and the UE Cohesion Policy management and control system. However, one of the indicator of bankruptcy could be the absorption rate. When absorption rate is low the system is not functioning and when is high the system function. However, this indicator does not evaluate the efficiency and effectiveness of the project which is even more important than the absorption rate.

A strategic approach is the basis to start a simplification project when a public organisation. Simplification is not one exercise but once it has been established it should be an ongoing monitoring system. There is a direct relation between the existence of strategic management and strategic performance management and the possibility for an organisation to be able to simplify its complex structure, activities and processes. The need for simplification for beneficiaries accessing and managing Cohesion Policy funds is extremely high. Therefore, a proper strategic management tool should be used in order to integrate simplification as a component of the organisational strategy and a special tool should be used to assess its performance over time.

### **5.3. Strategic simplification**

The terms strategic simplification does not come from the literature review but it is used in this paper refer to the simplification process which is integrated into a strategic management and strategic performance management system. The scope of the research in this paper was to identify a method to simplify the complex system of EU Cohesion Policy in order to increase its efficiency, effectiveness and impact. Previously, it has been concluded that a complex system is a result of a lack of strategic approach. Therefore, in order to simplify and adapt the organisational, structure processes and activities of public organisations the strategic management and performance management should be integrated into the management practices. The three tools analysed above the Balanced Scorecard, Six Sigma Approach and Adaptive Cycle are all feasible tools of simplifying and reforming the way the organisations perform their task and achieve their goals.



To deliver simplification within EU Cohesion Policy the three tools will be integrated and re-defined. First the Adaptive Cycle is used with re-defined components as:

- Delivering the EU Cohesion Policy objectives in a simplified way
- Digital technology and Artificial Intelligent are the technological options to be integrated at the level of activities and processes.
- Re-organise internal processes to deliver services in an efficient and effective way with no errors and with the highest impact. This step should be performed using the Six Sigma Approach and its DIMAC Methodology.

Following that the Balanced Scorecard should be used as an ongoing process with the re-defined terms:

- Translation the vision should be renamed increasing efficiency, effectiveness and impact and eliminating errors in the Cohesion Policy.
- Linking and communicating Cohesion Policy objectives with organisational, departments and individual goals and performance measures.
- Activity planning, identifying targets and milestones and resources allocation .
- Establishing a feedback mechanism.

## **6. CONCLUSION**

The scope of this paper was achieved by identifying an option to use theoretical concepts in strategic management and strategic performance management and its related tools to perform simplification of the management and control system of the EU Cohesion Policy.

It was demonstrated based on literature review that simplification cannot be seen a single and isolated element or project whin an organisation and it should be integrated in the strategic management and performance management system. The tools available such as Adaptive Cycle, Six Sigma Approach and the Balanced Scorecard should be used as in integrated framework to deliver simplification. This paper aims to fill in a gap in the academic research regarding simplification in public organisations and in particular simplification of the EU Cohesion Policy with the aim to increase its efficiency, effectiveness and impact.

This paper was limiting the research at the level of theoretical concepts and future work will analyse more in detail a concrete management and control system and the Simplification tool presented above.