

Corruption is one of the most significant problems facing Serbia. While there are some signs that corruption may have become less rampant in recent years, available evidence suggests that corruption levels are still high while trust in key institutions is low (European Commission, 2014). This phenomenon is ubiquitous and has serious consequences on a country's public welfare. Numerous conducted studies have mainly focused on specific characteristics such as economic issues, legal issues, social propositions, impact on national development, and about economic policy. The rationale of this research is to concentrate on a specific Anti-Hail Public Service provider in Serbia by not only exploring the outcome of the public provider's procurement practice, but also outputs of such actions on the territory level. Therefore, the aim is to build a model of corruption based on Dynamic Performance Management approach in order to extend our understanding of corruption and grounds behind, as well as to provide an input to future policy-making on corruption issues.

This is achieved by the use of computer simulation modelling to explore how the results of public procurement in a specific Public Service provider results both in short and long term. In other words, how to apply Dynamic Performance Management system to reduce the effects of corruption on Public Service organisation performance - on the one side, and Public Welfare - on the other side. Systems Dynamics model of corruption developed in this study would be of use to policy makers and non-governmental organisations in understanding the complex nature of corruption. This modelling methodology is used in perspective of Dynamic Performance Management approach, which gives an opportunity for decision makers to clearly distinguish how performance drivers can be used to reflect the effects on the End Results and Strategic Resources of this public service provider.

With this study, I expect to interpret better interrelated main forces that regulate corruption and to design sustainable policies on strategies to limit the negative effects of corruption in Public Service provider. Furthermore, this paper provides a case-study analysis that can be a basis for further examination of Public Service provider's performance using dynamic modelling. Future research should focus on the empirical examination of this study to redefine its applicability, and should give to the policymakers and managers a better position to understand the system and achieve the desired results.