

**BENCHMARKING IN ROMANIAN AND ITALIAN
LOCAL GOVERNMENTS: A TOOL FOR
SCORING OR LEARNING?**

Abstract

Nowadays benchmarking is one of the most popular managerial instruments for organizational performance improvement, both in the private sector as well as in the public one. The present paper reveals which is the rationale for whom public entities have largely adopted this particular tool, traditionally used by private companies and highlights the consequences of uncritically translating it from a private to a public logic.

The paper is aimed at comparing the benchmarking approaches in Romanian and Italian Local Governments (LGs), eventually detecting whether they are more prone to use it as a scoring or evaluative managerial tool.

Keywords: benchmarking, local collectivities, instruments for measuring and evaluating management

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**BENCHMARKING LA
NIVELUL
COLECTIVITĂȚILOR
LOCALE DIN
ROMÂNIA ȘI ITALIA:
INSTRUMENT DE
MĂSURARE SAU DE
ÎNVĂȚARE?**

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Rezumat

În prezent benchmarking-ul reprezintă unul dintre cele mai populare instrumente manageriale pentru îmbunătățirea performanțelor organizaționale, atât în sectorul public, cât și în cel privat. Articolul evidențiază care sunt rațiunile pentru care entitățile publice au adoptat pe scară largă acest instrument, specific sectorului privat și evidențiază consecințele translației necritice ale acestuia, dintr-o logică specifică sferei private, într-o logică caracteristică sferei publice.

Lucrarea își propune să compare abordarea benchmarking-ului la nivelul colectivităților locale din România și Italia și să indice în ce măsură acestea sunt mai înclinate să îl folosească ca instrument de măsurare, respectiv instrument de evaluare managerială.

Cuvinte cheie: benchmarking, colectivități locale, instrumente de măsurare și evaluare managerială



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1. INTRODUCTION

The implementation of NPM-like reforms during the last decades has led public sectors all over the world to import the business philosophy in terms of values, concepts and techniques (Hood, 1991). Faced by financial constraints and fiscal stress, the main objective to which those changes pointed to has been the quest for improved levels of efficiency in managing public entities and resources. Such waves of renewal have had an overwhelming impact in the public sectors, thus involving every aspect of its sphere, from the accounting systems to the organizational structures. As a matter of fact, changes in each dimension reinforced each other, being parts of a wider design of reformation, whose combination has been seen as indispensable for the beneficial change to occur (Anessi Pessina and Caccia, 2000).

Slimmer and more decentralized structures aimed at making local public managers more autonomous and responsible for their results. In the light of the increased management responsibilities, fascinated and pressed from the business models, local public administrations (LPAs) imported managerial models and tools typically proper of the private sector.

In such a context, the benchmarking has been proposed among the kinds of performance measurement tools, these latter argued to be able to offer "solutions" to the public expenditure concern, to improve services delivered to citizens-users, to measure public organizations on the basis of an input-output (outcome) model (Johnsen, 2005).

The adoption of NPM-like measures- such as the benchmarking translation in the public sector has inspired a profusion of comparative studies (Lüder, 1994; Pollitt and Bouckaert, 2004), which evidenced peculiar contingency elements to make the difference in shaping the paths and paces of reforms in different countries.

However, there is still few research papers in the literature regarding to the benchmarking implementation in the public sector to the local level.

The purpose of this study is the one to investigate the benchmarking approaches in Romanian and Italian local governments, in order to assess the influence of country-specific institutions in conceiving and shaping a certain kind of benchmarking system. To this aim, we wish to highlight connections between the institutional characteristics of the involved countries and their approaches to the benchmarking as a management tool in local governments. In particular, the comparative effort between these two countries, traditionally belonging to two different administrative styles, may provide the basis

for detecting those elements of the different styles that favored the development of a certain kind of benchmarking approach, with reference to its role as a learning or evaluating managerial tool.

In line with previous studies (Bowerman et al., 2002), we maintain that a thorough understanding of the benchmarking nature in the public sector is fundamental for assessing whether and how such a managerial tool may be fruitful for public entities in achieving the hoped successful changes.

2. THE INSTITUTIONAL CONTEXT

Contemporaneously to their diffusion all over the world, public sector changes of the last decades have been widely addressed by the literature, analyzing the related issues from different perspectives (Fernandez and Rainey, 2006). Nevertheless, most of the contributions on organizational changes are not specifically concerned with the public sectors ones (Kickert, 2010).

In a well-known literature review on organizational change by Pettigrew et al. (2001), the authors emphasized a number of interconnected issues concerning the existent research, which claimed for further investigation. Among the others (e.g., examination of multiple contexts, investigation of international and cross-cultural comparisons), they highlighted the space for studies linking the performance of organizations with the change processes, as well as the need to account for variables such as the context, time, and history.

More than ten years later, Kuipers et al. (2014), when critically reviewing the literature on public sector change management, not only restated the lack of studies analyzing the outcome of change processes in the public sector (see also Vann, 2004), but they also built a framework for research on these change processes that accounts for historical and contextual factors. Such a framework is composed by five factors deemed relevant for studying public sector changes, namely the context, content, process, outcomes, and leadership.

This study wishes to contribute and being framed in the context section, i.e., “the background of the empirical data or [as] a framework for the conceptual elaboration of change management in the public sector” (ibidem, p. 6). Particularly, the contextual element we want to acknowledge in this study is the institutional background of the LGs under investigation, with this meaning their organizational and administrative culture, historical background and legal structural features (Pina et al., 2009)

The powerful contribution of comparative studies on this topic has been to evidence the role of peculiar contingency elements in shaping the paths and paces of reforms in different countries, eventually leading to classify countries according to their traditional administrative styles (Dunleavy and Hood,

1994; Kickert, 1997; Pollitt and Bouckaert, 2000; Torres, 2004). As for the EU countries, four administrative styles have been identified:

- a) Anglo-saxon countries (UK is the only European one): they have shown to be more prone in adopting business-like managerial approaches in the public sector, emphasizing principles such as efficiency, effectiveness and value for the money.
- b) Nordic countries (Denmark, Finland, Norway and Sweden plus the Netherlands): even if concerned on efficiency and effectiveness issues, the very aim under their reforms is the citizens' satisfaction
- c) Continental and Southern Europe countries: traditionally characterized by hierarchical and bureaucratic public administration structures, in which recent reforms have been implemented in a much more integrated manner.
- d) Central and Eastern Europe: countries of this group are the ones previously belonging to the communist block, engaged in a comprehensive reformation of their public sector since the dismissal of the block.

The countries on which we focus, Romania and Italy, respectively belong to the third and fourth groups classified above. They both are two examples of unitary states, while presenting differences in the level of centralization and.

The Italian case is an interesting one, with regard to the centralization and fiscal autonomy features, which are currently questioned by recent reformations in the country. Indeed, even if characterized by a considerable degree of decentralization, recent reorganizational programs aimed at reducing the tiers of government (Legge Delrio). When turning to fiscal autonomy, it must be said that, despite fiscal federalism programs have been designed (Law n. 42/2009), the central Government still has a prominent role in collecting taxes, generally leaving a very limited budgetary autonomy to local governments. Finally, as for the administrative culture, Italy is traditionally identifiable as a rule of law country.

Framing the administrative styles of the two studied countries serves the purpose of identifying the "starting point", the initial conditions which are deemed to influence and shape the paths and paces of public sector reforms (Kuhlmann and Wolmann, 2014), and consequentially, the approaches through which managerial tools such as the benchmarking one may be welcomed by LGs.

3. TRANSLATING THE BENCHMARKING IN THE PUBLIC SECTOR

In the waves of renewals that characterized the last decades of public sector life, the quest for more efficient management has been a leading objective. To this aim, the business environment, traditionally based on the value for money principle, represented a main source of inspiration. In such a context, the benchmarking has been considered a notably valuable efficiency tool, which, translated from the private sector, could have brought recognizable benefits to the public one as well.

When considering benchmarking conceptualization in this latter, we can observe that, at least from a normative perspective, the idea behind its implementation would be faithful to the private world interpretation. For instance, Cowper and Samuels (2005, p.1), framing the benchmarking in the public sector, defined is “as an efficiency tool [is] based on the principle of measuring the performance of one organization against a standard, whether absolute or relative to other organizations”.

In a similar vein to the business world, the predicted efficiency gains can be reached by following a specific process (Kenneth and Bruder, 1994; Parena et al., 2002). It generally starts by considering those organizations’ key areas needing improvements, to then identify other excellence organizations in those areas. Studying the performance of the benchmarked organization provides elements for comparisons with the benchmarking organization itself, which can be in this latter imported. Anyway, in order to make this process effective, it is fundamental to monitor the benchmarking results also after its implementation.

Having this in mind, some consequential considerations arise. First, it shall follow that examples of best practices may derive from very diverse types of organizations, even if having a different mission or operating in other sectors. The implication for local public administrations would be that they could benchmark organizations operating in the private sector as well. Believing that the benchmarking can be fruitful only when made with regard to strictly comparable organizations, may lead LPAs to exclude most of the private sector counterparts, on the grounds of the fundamental mission divergence. At the contrary, it may be suggestable when seeking for efficiency improvements.

Furthermore, in order for the benchmarking to deliver the expected beneficial changes, its usage shall not be conceived as a mere comparison with best practices, eventually leading to certain kinds of scoring (ibidem). Rather, LPAs should be able to critically identify areas of improvements and to implement examples of best practices, without neglecting to contextualize them in their own organization.

Nevertheless, just as many other ingredients of the NPM receipt, the benchmarking tool has been sometimes mimetically imported from the business world, reproduced in different countries, without achieving its potential benefits for the public sector (Siverbo and Johansson, 2006). In particular, what emerged from the international experience is that the benchmarking has often been implemented as a mere scoring system, rather than as a learning opportunity (Kuhlmann and Bogumil, 2015). As a matter of fact, Tillema (2010) maintains that, according to the informational needs, the benchmarking one may represent a managerial tool connected to different functionalities, more or less likely to imply performance improvements, sometimes turning to dysfunctional rather than improving changes.

This leads us to argue that something is missing in the (not immediate) link between the benchmarking adoption by LPAs and its related benefits. At the same time, the lack of a deeper understanding of the benchmarking approaches in the public sector prevents from assessing whether and how the benchmarking private experience could be fruitfully translated into the public sector, ultimately leading to the expected performance improvements.

In this respect, the institutional context, as defined above, is expected to play a fundamental role in understanding the ways in which managerial tools for LGs are conceived, welcomed and implemented. In other words/to sum up, the extent to which the benchmarking can represent a managerial tool offering potential solutions to LGs to improve their performance –mainly in terms of efficiency and effectiveness- depends on the way LGs themselves approach it. As long as it works as a scoring system, dysfunctional rather than beneficial changes are likely to occur. At the contrary, when it is conceived as a learning opportunity, then this private idea may work for perf improvement. The prevailing information needs – as expressed by the institutional context- would make the difference in opting for the former or the latter approach.

4. METHODOLOGY

In order to assess the benchmarking approaches of Romanian and Italian LGs, as connected to their institutional background, we plan to empirically gather data by means of a survey. Precisely, the instrument for our data collection is a questionnaire, to send to a large number of municipalities in both countries. For a matter of comparison, considering the average size of Romanian and Italian municipalities, we include in our sample those ones with a number of inhabitants higher than 1,000.

The identified respondents might be the municipal managerial bodies. As for Italy, these are the Secretaries General, who are in charge in a middle position between the political and executive bodies of the municipalities, being appointed by the Mayor and exercising managerial functions.

The questionnaire we are going to build for the inquiry aims at addressing following core features of benchmarking implementation in LGs (Tilema, 2010; Kuhlmann and Bogumil, 2015):

- Reasons for adoption: for a matter of internal consistency, to the extent the benchmarking has been claimed as a managerial tool able to increase efficiency and effectiveness in the public sector, we want to detect whether these drivers are acknowledged when translated into the local governments under investigation. Moreover, it is interesting to understand the motivations in the remaining cases, in which it is not adopted, acknowledging the possibility of technical and cost problems (Siverbo, 2014), as well as the perception that the expected benefit may not surpass the costs;
- Object of the benchmarking: Cowper and Samuels (2005) describe benchmarking as an efficiency tool having three main aspects. First, standard benchmarking, according to which organizations relates to a set standard of performance that it could expected to achieve. Second, results benchmarking, by which one can use the performance of a number of organizations as a means of comparisons. Finally, in the process benchmarking, the focus is on the process through which other organizations produce a particular output, thus attempting to capture the reasons behind variations in the performance. Our research points at investigating the presence of whichever of these aspects used as objects of the benchmarking activity;
- External vs. internal adoption: the circumstances in which the benchmarking is externally required or internally adopted must be discerned as well. Such a differentiation is often linked to the opposition between, respectively, top-down and bottom-up adoption (Goddard & Mannion, 2004).
- Voluntary vs. compulsory adoption: it represents a further specification of the external vs. internal dichotomy (Jäkel, 2013);
- Sanctions-rewards system: following from the previous, an external/top-down/compulsory benchmarking system may provide for a sanctions-rewards system, in connection to the benchmarking results;
- Information disclosure: regardless the compulsiveness or voluntariness in the adoption of the benchmarking, LGs may or may not disclose benchmarking-related information to external stakeholders.

The literature underlying reasoning for investigating these variables relies in the hypothesis that the benchmarking as a real evaluative managerial tool is more likely to be developed when internally and voluntarily adopted, eventually in the absence of a sanctions-rewards system, even in its less formal version of information disclosure.

CONCLUSION

Seeking for improved efficiency and effectiveness, public entities all over the world have undergone more or less extensive processes of reform in the last decades. The business world, traditionally featured by those driving principles, has represented a main source for inspiration. Among the others, the benchmarking is on the menu of renewals, as a managerial tool for performance improvements.

When translated from the private sector, unfortunately, it did not always led to the expected beneficial changes, often turning to be used as a scoring tool, without any learning potential.

It is probably time to make a step back and understand the features of benchmarking in the public sector. This can be even more achieved in a comparative perspective, thanks to which the institutional contexts provide causality with the conceiving and implementation of renewals.

To this aim, this paper wishes to compare the benchmarking approaches in Romanian and Italian LGs, eventually detecting whether they are more prone to use it as a scoring or evaluative managerial tool. The institutional context, as defined by countries' administrative style, provides insights into the contextual factors affecting organizational changes.

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