

# USING BENCHMARKING IN LOCAL GOVERNMENT

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## ABSTRACT

The paper discusses the problems of benchmarking as a method which, through comparison of procedures and results, provides opportunities for improving internal practices in local government units and supplements diagnosis and strategic planning. Based on the author's own experiences, the paper also presents a comparative study in the field of effectiveness of management of organizations. One of the institutions that participated in the study was the Częstochowa City Hall. The study also describes selected research areas such as analysis of the administrative proceedings, including the decisions that affect local economic growth, analysis of administrative costs and analysis of the effectiveness of activities in the City Hall.

**KEY WORDS:** local government, benchmarking, management of human resources, planning, organization and management

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## INTRODUCTION

The entities of local government perform the majority of public tasks and are the closest to the local community. Therefore, it is essential that their activities are transparent, decisions are open to the public and that the procedures and processes are professionalized. Other important factors include properly managed finance and public property and the effectiveness of communal services.

In this context, the principal importance was played by the managerial control, internal audit and quality policies and all the instruments that can be used for optimization of activities in local governments.

Achievement of the desired standard of public services and monitoring of these services in terms of costs and availability should be a continuous process. The system of indices of effectiveness, which provides a picture of the level of a unit cost of providing particular services is very easy to be used. The useful tools are offered by specific models (benchmarks) for comparative analyses and, in management of public services, the approach should change from thinking in the context of a budgetary discipline towards economic efficiency and closely related expenditures and the achieved goals (Wojciechowski 2003).

In the early 80s of the 20th century, Xerox Corporation, a leader in business benchmarking, defined benchmarking as a continuous process of measuring products, services and practices with respect to the most important competitors in the market and market leaders. In a study (Bogan Ch. E, English M. J. 2006), benchmarking was defined as a process of continuous seeking best practices, which, if adapted and implemented in a particular organization, might lead to achievement of a perfect performance.

Undoubtedly, benchmarking as a key to best practices has grafted the essence of competitiveness onto local governments and provided them with the instruments for supporting competitiveness in order to build the strong position of self-government.

Benchmarking is not the goal in itself, but it might be useful in improvement of institutional efficiency of self-government administration for successful completion of the tasks and continuous and comprehensive modernization of the processes of management and implementation of management by objectives and by results. It should result from authentic needs of self-government administration.

Benchmarking is one of the best methods of improvement of quality, whereas the areas of comparison include: quality system, quality of services, management or cultural transitions

(Bugdol 2008). The outcome of the activities of public administration its principal objective should be customer satisfaction, but this satisfaction should result not only from the quality of the services but also from the improved quality of life.

### **USING BENCHMARKING IN LOCAL SELF-GOVERNMENT**

The selfless exchange of experiences has been an integral part of activities of the Polish Cities Union since the time of rebirth of Polish self-government. Sharing difficult problems and seeking advice to solve these problems and presentation of individual solutions which are possible to be transferred and adopted in other cities were a constant element in cooperation between local governments.

A great differentiation of the solutions used and different effectiveness in achievement of particular public goals can be observed in both city and gmina self-governments (gminas are principal units of territorial division in Poland). The results depend on a plethora of factors, ranging from the adopted priorities of acting and development, financial potential, human capital in individual domains to talent and determination of local authorities.

It is benchmarking, considered as regular comparison to the best entities and learning better methods of achieving goals and solving problems, which might be successfully used in the process of building strategies of local and regional development because the entities of public administration do not compete with each other on a typical market basis but they often cooperate to fulfil the public mission, which considerably facilitates transfer of experience and best practices while using this method is inexpensive and easy. (Brol 2005).

A number of cities have implemented the System of Quality Management based on the ISO 9001 standard. The Częstochowa City Hall implemented the system in 2004 and defined strategic quality goals in the adopted Quality Policy with respect to the employees and customers (Wrona 2011).

Furthermore, the internal audit carried out in 2003 in the Częstochowa City Hall equipped the executive body in local governments in important instrument of optimization of activities in this institution (Wrona 2012).

Since 2004, a project of comparative studies on the effectiveness of managing organization named "Benchmarking with Other Organizations" has been implemented. Częstochowa, which is one of the cities with powiat status in Poland, participated in this important project. The fifteen cities with powiat status were included in a comparative survey in 2009: Bielsko-Biała, Bydgoszcz, Bytom, Częstochowa, Dąbrowa Górnicza, Gdańsk, Gliwice, Kalisz, Katowice, Kraków, Krosno, Ruda Śląska, Rybnik, Tarnów, Tychy. The data were prepared based on the questionnaires returned by the survey participants (Results 2010).

The survey focused on the following problems:

- information concerning basic data which characterized a city e.g.: number of residents, employment rate in city halls etc.
- analysis of the process of administration proceedings in terms of timely dealing with: permissions for construction, re-building and extension of buildings and changes in building use, determination of the conditions of land development for investments with local importance, entry in the register of business activity, changes in the register of business activities, giving permissions/licences for transporting people (including taxis), decision on felling trees, permission for sales of alcoholic drinks and analysis of complaints about the activity of the city hall with respect to timely dealing with the complaints and assessment of their legitimacy
- analysis of administrative costs, including the costs of workplaces (expenditures for organization and improving quality of work, current expenditures, expenditures connected with using the equipment, payroll expenditures) and building maintenance costs

- employee training in terms of costs and evaluation of internal and external training
- analysis of effectiveness of city hall activities in terms of exaction of receivables from taxes and local fees, applications for co-financing of investment projects from the European Union funds, effectiveness in implementation of the procedures in the area of public procurement, land development and promotional activity of the city.

The survey also showed that the highest number of residence per 1 office worker in 2009 was in Bydgoszcz (441), Gdańsk (426), Katowice (404) and Rybnik (393), and the lowest in Krosno (220) and Ruda Śląska (237). Mean number of employees in office positions per 10,000 residents for all the city halls that participated in the study was 31.09 employees. This index was the highest in Krosno (45,4) and in Ruda Śląska (42,1) and the lowest in Bydgoszcz (22,7), Gdańsk (23,5), Katowice (24,8) and Rybnik (25,4).

In 2012, the Silesian Union of Gminas and Powiats coordinated an innovation testing project named "Benchmarking: the tool for effective managerial control in the city halls with powiat status, gmina offices and powiat offices". The results obtained from the analysis of the processes subjected to benchmarking showed how the varied effects are achieved in individual entities depending on e.g. a method of organization of the task. They might represent an essential point of reference in the evaluation of the effectiveness of the processes (Śpiewak 2013).

The survey was carried out in order to collect opinions and comments from customers in the City Hall concerning organization and the quality of the services provided, while its aim was to improve the quality of public services through enhanced effectiveness of the management systems used in the entities in consideration for benchmarking. This is also expected to allow for self-evaluation in individual offices and eventually contribute to development of common standards in the self-governments which participated in the study (Benchmarking 2012).

Benchmarking data can play an important role in development of regional policies and regional strategies for information society e.g. in the area of development of broadband network and advanced services (Podręcznik 2007).

## **CONCLUSION**

The entities of territorial self-government are obliged to ensure that their expenditures are made in a purposeful and economical manner, using the principles of achievement of the best effects with particular expenditures and that optimum methods and resources are selected in order to achieve the assumed goals. The managerial control is supposed to ensure achievement of the goals and tasks in a manner which is consistent with the law, effective, economical and timely (The Act 2009).

The main factor in the managerial control are measures that determine the degree of achievement of the goals, determined by the manager of the entity in the sector of public finances after consulting all the parties interested in proper operation of the institution (Communication 2011). The managerial control involves regular evaluation of the individual aspects of self-government functioning (especially utilization of human, financial, property and information resources) and effectiveness of the activities (quality, costs, risk) at the stage of planning, implementation of the plans and audits.

City management should be based on the well-thought, substantive strategies and plans based on the set goals and both internal and external analytical data. Benchmarking survey is a successful instrument for the strategy of efficient management in local governments and can be also useful in performing the tasks of managerial control.

The source of information in terms of the effectiveness of operation of the city halls is provided by the indices used for monitoring of the main tasks performed by a particular city

hall. The indices illustrate the way the present resources are utilized and the related performance (Płoskonka 2008).

Measurement of the effects of the public services is a difficult and complex task. The expenditure is often considered as synonymous with the effect of expenditure e.g. one effect of investment expenditures in a gmina is increased property, while the evaluation of the effect of these expenditures on the way the services are provided in the gmina is regarded as secondary (Borowiec 2007).

It is essential that public administration should ensure the reliability and efficiency of operation in public institutions. This necessitates a substantial improvement in the quality of the process of programming and, based on the adequately defined structure of goals, tasks and results, an improvement in the operational effectiveness and efficiency of the activities in the sector of public finance. Implementation of managerial control in the state remains in its initial phase (Płoskonka 2013).

Local authorities, should professionalize their activities and evaluate the performance of the system based on comparison between the goals planned in the entity with the achieved goals and between the quality planned with the quality achieved

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