

## Benchmarking In Public Administration (Analytical Review)

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**Abstract:** The article considers the possibilities of benchmarking technology's application in the field of public administration. The use of methods and mechanisms of benchmarking in increasing the efficiency of government agencies, as well as the results of this process is analyzed. The application of methods and mechanisms of benchmarking in some foreign countries is reviewed.

**Keywords:** efficiency, benchmarking, quality of public administration, evaluation of public authorities

Modern trends require the authorities to constantly improve the technology to solve emerging problems, improve management methods, increase the efficiency of the functioning of management systems as a whole. Nowadays, mechanisms for assessing the effectiveness of public administration activities are being actively developed and implemented all over the world.

According to experts, the use of new technologies in the public management system is conditioned by the objective complication and appreciation of processes in this area and, at the same time, the strengthening of their role in society's life<sup>1</sup>.

In this context, an effective method is the introduction of benchmarking technology into public administration. According to the modern economic dictionary of B.A. Raizberg "Benchmarking is a method of using someone else's experience, advanced achievements of the best companies, subdivisions of their own company, individual specialists to increase the efficiency of work, production, improvement of business processes; it is based on the analysis of specific results and their use in their own activities<sup>2</sup>."

<sup>1</sup> Ashirbekova L.Zh., Tazhieva S.K., Baimukhanbetova E.E. Introduction of benchmarking in the system of public administration: problems and prospects // articlekz.com/article/15352

<sup>2</sup> Rayzberg B.A. Modern economic dictionary / B.A. Rayzberg, L.S. Lozovsky, E.B. Starodubtseva. [4th ed., reprinting and add.] M.: INFRA-M, 2005

The main principle of benchmarking is to calculate the best practices, compare them to others and surpass them. The application of benchmarking in public management includes the use of a set of tools to systematically identify, evaluate and organize (adopt) the use of management's most effective methods.

Benchmarking in the field of public administration provides for:

- rational use of budget funds;
- increase in management efficiency;
- Improving the quality of public services provided to the population;
- Targeted management optimization.

This requires: *a)* development of a unified system of performance indicators of public authorities and management bodies (PAMU); *b)* systematic measurement of PAMU performance; *c)* Continuous search for the "second best".

Another important point. As noted by experts, the application of benchmarking increases publicity and openness public authorities' work. In the conditions of experience exchange and open dissemination of information about authority's activities it becomes difficult to exaggerate the significance and results of its activities, as well as to present any positive changes in the external or internal environment as their own achievements, as there will be no evidence base confirming the link between the actual results achieved and the activities of a particular authority<sup>3</sup>.

The most essential condition for benchmarking in the system of public administration is its inclusion in the overall structure of planning and budgeting of the activities of authorities and other organizations involved in this process. This will allow to divide the functions of state bodies into three groups: "Excess", "duplicating" and "necessary" functions.

The mechanism of using benchmarking contains two main managerial and legal elements: *1)* normative support of benchmarking procedure; *2)* normative support of implementation of the best practices identified as a result of benchmarking<sup>4</sup>.

<sup>3</sup> Eliseenko V.F., Golovshchinskiy K.I. Introduction of the integral systems of benchmarking in the activity of the executive authorities // Issues of the state and municipal administration. 2008. № 2. p. 118–130.

<sup>4</sup> Same place.

The study of the world practice of benchmarking in the sphere of public administration shows that benchmarking is a mandatory tool for analysis of the current state of development and strategic planning, aimed at improving public administration's (by reducing the cost of the functioning of public authorities) and public services' quality.

**United States of America.** A number of U.S. government agencies compare their activities with successful business experience in similar areas. In order to implement these measures, groups have been formed to assess government agencies' performance, including employees of various government agencies. Samples of the best solutions are kept in the relevant databases and are available to specialists when solving problems with the help of benchmarking.

The use of benchmarking in the U.S. government began in the Department of Defense. Currently, benchmarking methods are actively used by the country's army, including the Navy.

Significant benchmarking projects have also been implemented in the states of North Carolina (a joint project of 35 municipalities in the state), Oregon, Minnesota and Florida. During the 2000s, Virginia Technical University conducted several studies on services related to zoning and building permits at the municipal level. In Washington, D.C., a benchmarking system based on performance indicators has been used successfully since 2002 in the management of social services (temporary housing, care for the disabled, etc.). Benchmarking criteria included both unit costs of service delivery and survey indicators of satisfaction with the service delivery process (clarity of service delivery, availability and clarity of service information, staff accessibility, time spent on service delivery).

The most common forms of benchmarking in state and municipal government in the U.S. are: 1) Results-based budgeting. This methodology implies efficient and effective use of federal, regional and local budget funds; 2) the system of public and municipal services provision. This system includes simplification of public services provided to citizens through digitalization.

The National Customer Satisfaction Index (NCSI) is the national measure of customer satisfaction with goods and services in the United States. It is a single, cross-industry and government measure of customer satisfaction. NCSI

measures more than 100 federal government programs. It allows for comparative analysis between the public and private sectors and provides unique information for each structure on how its interaction with the public affects customer satisfaction.

**Benchmarking in the European Union.** In the EU, benchmarking has been in place since 2000. In particular, one of the specific activities of the Council of Europe is the development and implementation of benchmarking in the financial sector, aimed at identifying missing or dysfunctional elements of local budget revenues and financial management. This makes it possible to draw up ratings of administrative-territorial units, comparing their relative efficiency.

In the European practice there is a tendency to borrow models and methods of efficiency assessment from business. Currently, many European countries use the so-called "Common Assessment Framework" (CAF), which is a system for evaluating the effectiveness and improving the quality of the organization of public administration and municipal management.

The CAF model implies a comprehensive examination of the organization's activities based on diagnostic self-assessment. Application of CAF model allows to solve the following tasks at the state level: 1) increasing the efficiency and transparency of the activities of executive authorities of various levels; 2) quality management principles' implementation in the practice of state and municipal management, such as consumer orientation, process approach, decision-making based on facts; 3) creation of infrastructure for benchmarking, exchange of experience and study of the best foreign and national management practices in executive authorities and local governments. Today, more than 1.8 thousand European organizations are registered users of the CAF model. According to the surveys, 9 out of 10 users start improvement activities based on the results of self-assessment of the criteria. CAF helps not only to carry out a comparative analysis of the institutional systems of European countries, but also offers a toolkit for diagnostic self-assessment of public authorities, including the identification of best practices and areas in need of improvement. Currently, some 30 European countries have included CAF in their national strategic programs to improve public administration's quality and efficiency. CAF combines two tools: a) the European Foundation

for Quality Management (EFQM Excellence Model) improvement model; *b*) the Speyer model, developed by the German University of Administrative Sciences specifically to assess the quality of public sector activities.

**Germany** is one of the countries where benchmarking technology has taken the lead in public sector reform. At the same time, benchmarking in Germany is particularly common at the local government level.

The first benchmarking project was launched by the Bertelsmann Foundation in 1992. Subsequently, they began to compare the effectiveness of their activities in the main areas of socio-economic policy. In 1996, an entire network (IKO-Network) was set up to provide local authorities with the necessary information on benchmarking projects. Within this network there are many subnetworks called "Comparison Circles". The function of such subsystems is to evaluate and compare public authorities' activities in different areas. The established subnetworks can be considered as a qualitatively new method of management, which proves its effectiveness, providing new opportunities for convenient coordination of the activities of individual parts of the state mechanism.

Thanks to the technology of benchmarking, municipal services have begun to focus on population's preferences. In Germany, there is a constant comparison of the quality of services provided not only among the federal states, but also at the level of governments of large cities and towns. Such an analysis makes it possible to identify a list of services that are of interest to the population.

In Germany, internal benchmarking has been greatly developed. It is estimated that almost 80% of farm managers constantly exchange experience. The information obtained allows analyzing and identifying the main factors influencing productivity.

In the **UK**, benchmarking is carried out in various areas, such as health, education and law enforcement.

The most common area of benchmarking' application in the UK is cross-country comparative research on the performance of tax, health and social services, law enforcement and pension services. The National Audit Service, the UK's supreme audit institution, plays an active role in benchmarking.

For regional authorities, the most interesting example is the activity of the audit commission in the UK. It continuously monitors the quality of local government management as well as public sector organizations that operate at the local level. The monitoring is based on a system of indicators, which includes a number of detailed criteria for the performance of health care institutions, police, local authorities, etc.

This analysis is aimed at identifying the efficiency of budget spending on specific needs. On the basis of monitoring the audit committee reveals the best indicators of socio-economic efficiency of budget funds use and state institution's financing. Then practical steps are defined which allows to achieve the best results. This practice is then described and replicated with the direct participation of the audit committee staff.

The ultimate goal of such control of the audit commission is to stimulate and improve public institutions' efficiency, including budgetary funds' rational use.

**Benchmarking in Japan.** The first stage of mass application of benchmarking as an independent management tool is considered to be the 1950s, when Japan adopted the strategy of export orientation of the economy, considering it as the most optimal and the only way out of the post-war situation. The development of benchmarking in Japan was caused by the intention of the country's leadership to compare it with developed countries in order to identify the directions of industrial development. By benchmarking the world's best competing companies, the Japanese began to explore not the product but the process of its manufacture for the first time.

In Japan, the concept of "benchmarking" is usually based on the principle of "from the best to the best". Japanese specialists began to study Western products, disassembling them to the smallest detail, and successfully transferred technologies and know-how from one sphere to another. Later, they improved their characteristics and reduced production costs. This method was called reverse engineering and competitive intelligence. The result was the dynamic growth of Japanese industry and the displacement of Western competitors from the mass market by national companies.

In Japan's municipal government, benchmarking is considered a management tool based on the identification of best practices when comparing

local government performance and processes, which is carried out continuously within the framework of the country's local government. Moreover, benchmarking in Japan promotes openness and efficiency of public services, as well as the work of regional enterprises. Benchmarking helps enterprises working in partnership with public authorities to receive early warning signals about their lagging behind.

The following benchmarking objectives are highlighted in the area of public services in Japan:

- meeting the needs of citizens by improving service's quality and reducing the time to obtain municipal services;
- Optimization of the level of costs for services' provision (reduction of local budget expenditures);
- Justification of innovation activities in various areas of local government.

In general, the use of benchmarking in public administration creates a healthy competitive environment and systematically stimulates the activities of government agencies to achieve strategic goals and objectives. In particular, the following points are noted:

*Firstly*, as a result of benchmarking technology's application, state structures are oriented to citizens' preferences. Benchmarking makes it possible to systematically compare the services provided and the performance indicators of different territorial administrations (regions, cities and districts). Such an analysis allows filling in the "gaps" in the activities of government agencies, as well as critically examine the feasibility and rationality of budgetary funds' use.

*Secondly*, benchmarking as a tool to assess the effectiveness of investment areas makes it possible to determine what additional resources are needed for the production of certain significant services. In this regard, it also contributes to the innovation's growth, primarily in terms of improving the organizational component of activities, and their dissemination in the executive branch.

*Third*, through an ongoing learning process and the improvements caused by benchmarking are increasing the flexibility and adaptability of government organizations to changes in the environment and the needs of citizens.

In the long run, benchmarking can serve as a starting point for identifying areas of public administration that require innovative improvements and

incentives. In this context, it is worth noting that benchmarking acts as an "effective alarm clock" that helps to speed up readiness for change as well as "manage expectations".

The introduction of benchmarking technology helps to identify the most problematic, often "hidden" issues, especially at the regional level. This, in turn, allows the focus to be on the problems, prioritizing them through clustering. It is noted that in this case benchmarking stimulates mobilizing management in public administration and carries out "diagnostics". Ultimately, the application of benchmarking technology will ensure the predictability of public policy in the country.

Thus, the study of foreign countries' best practices in the application of benchmarking technology in public administration shows that it is a highly effective technology for developing countries. In particular, at the current stage of Uzbekistan's development, the issue of its introduction into the national practice seems very relevant.

It is asserted that the development of adapted methods of benchmarking and its application will help:

- to improve the efficiency of the public administration system through its regular assessment;
- to continue targeting ongoing reforms in the country by zoning the most "painful points";
- to ensure a "resource-cost-result" chain (including results-based budgeting).

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