Comparing Regions, Cities, and Communities:

Local Government Benchmarking as an Instrument for Improving Performance and Competitiveness

Paolo Rondo-Brovetto
University of Klagenfurt
Austria
paolo.rondo@uni-klu.ac.at

and

Iris Saliterer
University of Klagenfurt
Iris.saliterer@uni-klu.ac.at

Key Words: Competitiveness, New Public Management, Performance Management, Technochratic Process, Participative Practice

Comparing Regions, Cities, and Communities:

Local Government Benchmarking as an Instrument for Improving Performance and Competitiveness

Introduction

Most would agree that communities and regions are key elements in the organization and governance of economic growth and value creation. Recently, an increase in scientific and political attention for their *competitiveness* has become evident. Regions and cities have no option but to strive for competitiveness in order to prosper in an economy strongly affected by globalization and new information technologies.

This article tries to identify instruments which can help to enhance and consolidate regional and local economic performance and competitiveness. In this context – based on several international doctrines of New Public Management (NPM) – the instrument of benchmarking is analysed in a theoretical framework and exemplified.

Competitive comparisons have become popular in the public sector and were initiated by neoliberal thinking which has become refined by the New Public Management movement. As a result, benchmarking has become an important instrument of local government reforms. Local services are usually measured against some generic model of excellence or compared to those provided by local authorities within a similar context. However, most of the benchmarking criteria, models, and methods, which are currently being used, aim at evaluating local service delivery. In a context of competitiveness and performance orientation, the presenting article argues that local government reforms should go beyond the mere improvement of local service delivery. However, before we discuss the requirements of an integrated local government benchmarking system, the issues which face local authorities and regional governments have to be addressed.

A focus on local and regional competitiveness raises further questions. For example: What precisely is meant by the competitiveness of regions and cities? A number of factors influencing performance and competitiveness have to be considered as well. We will also distinguish between *soft* and *hard* competitiveness and performance factors by referring to the expectations of different stakeholders. It is also important to note that given the multiplicity of possible stakeholders several forms of benchmarking can emerge in local and regional development strategies. Additionally, their systematic illustration and integration in a local government system of performance targets can be identified as the central issue for generic as well as specific benchmarking projects. This article concludes by pointing out the potential of a holistic communal benchmarking system.

Focus on NPM Doctrines

Benchmarking in the Context of Marketization and Performance Management

New Public Management has been discussed at length in a variety of different ways.[i] There is little agreement as to the make-up of NPM, although, the academic literature does show some common trends. The following table summarizes some of the relations between doctrines of New Public Management, their emphasis, and the justification for their development.

Figure 1: Doctrines of New Public Management

Doctrine	Emphasis	Typical Justification
Hands-on professional management	Active, visible control by those free to manage the organization	Accountability requires clear assignment of responsibility - not diffusion of power
Explicit standards and performance measures	Well defined quantifiable goals and targets	Accountability requires goals and close examination of objectives
Increased focus on output controls	Resource allocation linked to performance	Focus on results rather than procedures
Dis-aggregation of units	Division of monolithic units into specialized corporate units	Manageable units increase productivity, facilitate contract operations
Competition	Use of term contracts and public tendering procedures	Rivalry and competition lowers costs and raises standards
Private sector management style	Public service ethic is replaced with increased flexibility through private techniques	Private sector tools are proven, should be used in the public sector
Discipline in use of resources	Reduce direct costs, increase discipline in labour force, resist union demands	Do more with less by controlling public sector resource demands

The most widely accepted concept within the context of New Public Management is the idea of competition. *Hood* cites competition as one of the seven doctrines for public management.[ii] *Osborne/Gaebler* reinvented aspects of government by letting the "most entrepreneurial governments promote competition between service providers".[iii] Peters, who sees four models emerging from the attempts to rearrange “old” Public Administration, understands New Public Management as a model of market-oriented reform.[iv] "There really is no single market model, other than the basic belief in the virtue of competition and an idealized pattern of exchange and incentives".[v] Competition and performance management are the two doctrines which have attracted the most controversy during the last 15 years[vi]–which was an era of unprecedented public sector reform[vii]- and will be considered further within this article.

Figure 2: The Concept of Competition

Hood (1991) Dunleavy/Hood (1994)	Pollitt (1993)	Ferlie et al. (1996)	Borins (1995) Borins (2000)	Osborne/Gaebler (1992)
shift to greater competition and mixed provision, contracting relationship in the public sector; opening up provider roles to competition	introducing market and quasi-market type mechanisms to foster competition	elaborate and develop quasi-markets as mechanisms for allocating resources within the public sector	receptiveness to competition and an open-minded attitude about which public activities should be performed by the public sector as opposed to the private sector	competition within public services: may be intra-public or with a variety of alternative providers
explicit standards and measures of performance	performance targets for managers	more transparent methods to review performance	organizations and individuals measured and rewarded on the performance targets met	result-oriented government: funding outputs not inputs

The issues that come with introducing market forces into the public sector has been taken into account, with differing degrees of intensity, in the management reform processes taking place around the world. In a study about Finland, Sweden, New Zealand, and the United Kingdom Pollitt and Summa (1997) found a greater emphasis on managerial reform in the latter two, due to fast processes of privatization, the introduction of market-like rules for the distribution of resources, and the steer intensity of the reform process.[viii]

While adopting several market-oriented approaches, Denmark, Finland, Norway, and Sweden have generally been reluctant to embrace privatization.[ix] Even in comparison to the Scandinavian countries, the issue of strengthening competition and introducing market-oriented mechanism has not played a major role in Germany and Austria until very recently. In these two countries, politicians as well as civil servants and the unions have been averse to considering the introduction of competitive forces and of market elements as fundamental components of necessary reform processes. Reforms in these two countries brought about the transfer of assets from the public to the private sector without increasing competitive pressure.[x]

The following table presents a range of instruments and indicates their relation to the kind of competitive pressure that they may be able to bring about.[xi]

Figure 3: Instruments of Competitive Pressure

Non-market competion	Quasi-market competion	Market competion	
✓ Internal cost collection ✓ Performance comparison ✓ Price-competition ✓ Benchmarking	✓ Performance agreement ✓ Abolishment of compulsive purchases ✓ Competition within community	✓ Contracting in /out ✓ Tendering	*private vs. private/public*

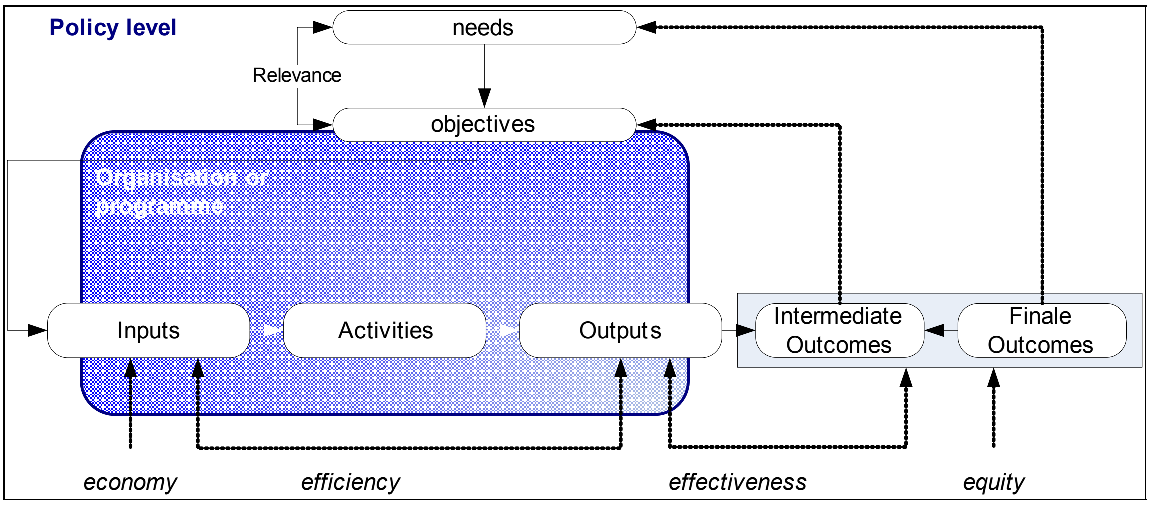
There are two well-known examples of non-market competition, in the form of regular performance comparisons, which can be found in Germany: the Bertelsmann Performance Comparison and the "inter-communal indicator network" (IKO-Netz) which is operated by KGST.[xii] Numerous municipalities are collaborating in a number of different indicator networks. Within those networks performance data is frequently exchanged, figures are compared, and the practical experiences of other German and Austrian public sector reformers refer primarily to this "competition by benchmarking", when discussing competition in the public sector. However, the competitive force of performance measurement activities seems to be limited throughout local authorities in Germany. The whole process is voluntary and depends upon the capability of civil servants to draw learning conclusions from the results. League tables, similar to those published in the United Kingdom, simply do not exist. Neither politicians nor the general public seem to be very interested in comparing the results obtained by public authorities.[xiii]

What is even more prominent than the so called "market-approach" to benchmarking is the performance management approach. Most authors agree that benchmarking owes much of its popularity and usability to the fact that is derived from the performance management doctrine.[xiv]

Top performing organizations, whether they be public or private, use performance measurement to gain insight and to make judgements about the effectiveness and efficiency of programs, processes, and staff. These organizations decide which indicators will be used to measure progress in meeting strategic goals and objectives and in gathering and analysing performance data. This data is then used to drive improvement and successfully translate strategy into action.[xv]

While the performance of a company is principally measured and expressed by profit in the private sector, public agencies, on the other hand, have no such universal and widely accepted measurement of success. Public organizations can be judged in terms of the economy, efficiency, effectiveness, equity, or sustainability of service provision. Success is often interpreted from the distinct perspectives of various stakeholders (Newcomer, 1997) such as legislatures, regulators, other governmental bodies, citizens, service providers, customers, and the general public. When talking about the performance of public services and about how this performance can be influenced and managed, an attempt is made to make a connection between public policy and public management. It is also necessary to clarify what categories of performance should be differentiated. Regarding this issue, we refer to the concept of the four E's, which are presented in the following figure.[xvi]

Figure 4: The Four E's of Performance Measurement



Performance measurement therefore includes both the setting of targets and the review of performance against these targets.[xvii] It can be used to improve the performance of organizations, to improve control and accountability mechanisms, give form to the budget process, and to motivate staff. The main objective of performance measurement in public organizations is to support decision-making (leading to improved outcomes) and to meet external accountability requirements. Therefore, all instruments of performance management are strongly based on measurement. Performance measurement is thus increasingly seen as an integrated part of many management strategies rather than an isolated approach.[xviii]

A widely used form of performance measurement, both in the private and public sectors, is benchmarking. Unlike many other forms of performance measurement, benchmarking provides a proactive way of affecting change. If an organization knows its strengths, recognizes its weaknesses, and understands how the surrounding external world performs, then it can identify those practices that require modifications.[xix]

Benchmarking also shares some basic features with other forms of performance measurement. It includes quantitative and qualitative assessments of what an organization is doing, how well it is performing, and what the effects of certain activities are. However, the process of benchmarking must not be confused with the concept of *benchmark*. A benchmark is a standard of performance, whose criteria may be established by an organization as a goal or expected level of performance for various reasons.

However, unlike performance measurement processes, benchmarking focuses on how to improve organizational processes by focussing on the *best practices* rather than merely measuring the best performance. Best practices are the causes of best performance. The analysis of best practices provides the greatest opportunity for strategic, operational, and financial improvement.

Private sector benchmarking techniques focus on one aspect of a clearly identifiable performance with the aim of improving financial results. Since the idea of performance in the public sector is multidimensional, different approaches to benchmarking are possible. Some focus on the comparative measurement of outcomes, some on procedural efficiency, while others focus on the effectiveness of organizational structures.[xx]

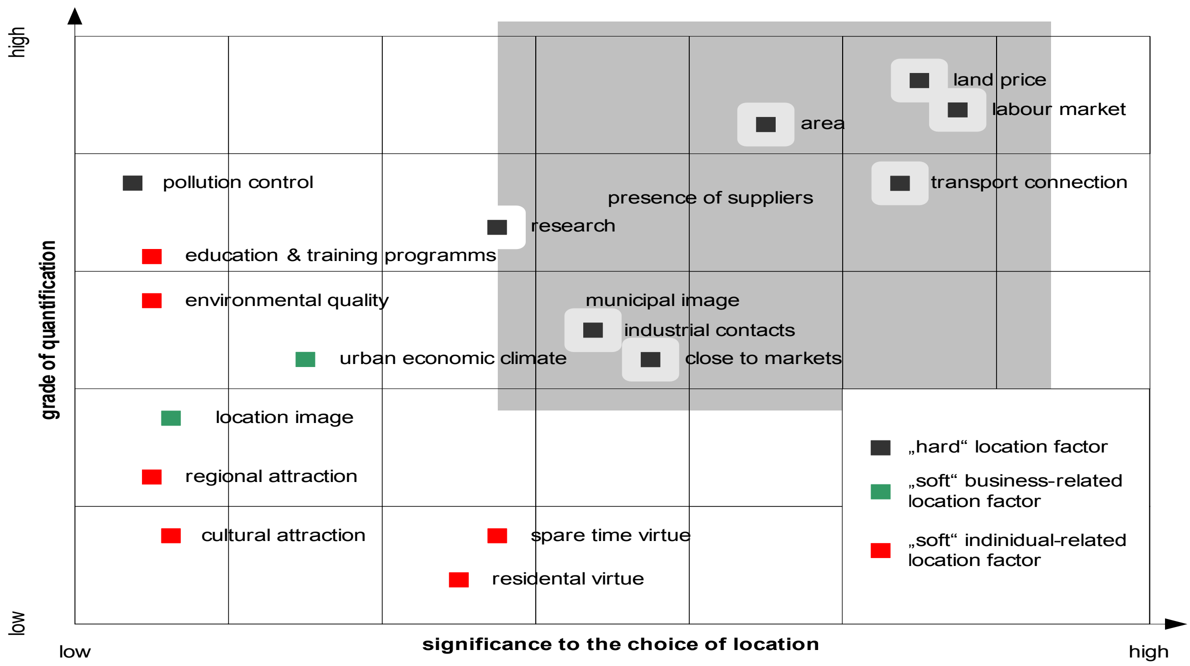
Regional/Local Competitiveness and Performance

What precisely is meant by the competitiveness of regions, cities, and localities and in what sense do regions and cities compete? Views on regional and local competitiveness vary widely. Economics, geography, and management disciplines often deal with elusive concepts regarding regional and local competitiveness[xxi]. One of the most pressing research issues focuses on the appropriate spatial scale with which to measure and analyse regional competitiveness. The absence of a theory of regional competitiveness does not stop policy makers from devising policies designed to boost the competitiveness of a certain region or city.[xxii] As a consequence, policies lack coherent conceptual and evidential foundations and, on the other hand, policy outcomes prove uncertain when not disappointing. At its simplest, regional (and local) competitiveness can be defined as the success with which regions and cities compete with one another, based on indicators such as shares of export markets or the ability to attract firms, capital, or workers.[xxiii] According to Porter (1998-2000), the only meaningful concept of competitiveness or the competitive advantage of regions is based on productivity.[xxiv]

The European Commission stated that, despite the fact there are competitive and uncompetitive firms in every region, there are common factors which affect the competitiveness of all firms located in a certain area.[xxv] According to this view regional and local competitiveness goes beyond the productivity of firms. There are structural limits to, and negative consequences of, excessive competition conceived in narrow adversarial market terms.[xxvi] "Since cities cannot go bankrupt if they are uncompetitive it is at best potentially misleading and at worst positively dangerous to view regions and cities as competing over market shares as if they are in some sort of global race in which there are only 'winners' and 'losers'".[xxvii] Competition between cities and regions can generate substantial human costs and widen social inequalities if there are consistent losers. This focus on indicators such as the choice of location as a measure of regional competitiveness is therefore problematic".

The definition and explanation of regional competitive advantage has to reach well beyond issues of productivity and need, in order to consider several other – softer – dimensions of regional or local economy and society.[xxviii] For example, the ability of regions to attract skilled, creative, and innovative people; to provide high-quality cultural facilities; to encourage the development of social networks and institutional arrangements that share a common commitment to regional prosperity. There are key regional 'externalities' or 'assets' for the benefit of local firms and businesses and are thus major aspects of regional competitive advantage. On a local level the list of competitive drivers include factors such as: innovation, human capital, economic diversity and specialisation, connectivity, strategic decision-making, and quality of life factors.[xxix] Competitiveness reached through territorial quality, public service efficiency and effectiveness also brings advantages to all local economic and social activities. The following figure shows local and regional location factors according to Porter's "Diamond" as well as issues related to quality of life.

Figure 5: Local and Regional Location Factors Related to Quality of Life



In an era of performance indicators and rankings, it is probably inevitable that regions and cities should be compared against each other in terms of their economic and social performance.[xxx] But – as mentioned and shown above – there seems to be no underlying coherent theoretical justification for any particular choice of 'drivers' of competitiveness. The selection of performance criteria will always be a mixture of technocratic or participative processes. A technocratic process implies that targets are set by experts (e.g. scientists, service professionals and senior officials, either at central or local levels). A participative process implies a form of deliberative democracy that includes citizens in their role of community or regional stakeholders and their representatives.[xxxi]

The Role of Benchmarking in the Regional/Local Context

Different Forms and Aims of Benchmarking

In both the public and private sectors, various forms of benchmarking have been performed for many years. Examples include, data collected from member organizations of industrial federations and annual reviews of key statistics published by associations that focus on specific organizational functions. More recently, however, benchmarking has become a popular management tool used to identify performance gaps and to drive performance improvement.

Spendolini (1992) defines public sector benchmarking as: "a continuous, systematic process for measuring, comparing, evaluating, and understanding the products, services, functions, and work processes of organizations for the purpose of organizational improvement."[xxxii]

A central characteristic of this form of benchmarking is its aim to improve performance. Nowadays, many public sector organizations – ranging from central government departments and local government organizations, to police forces and hospitals – are engaged in benchmarking projects that aim explicitly at this goal. That is not to say that performance improvement is the sole objective of these projects. Other purposes may include: meeting external requirements to provide comparative data, increasing accountability to the general public for the use of resources, justifying or defending performance, and comparisons with private sector providers.[xxxiii]

Local governments provide a wide range of services such as water and sewage treatment, public libraries, care for the elderly, or sporting and recreational facilities. In some areas, service provision has extended into what might be regarded as 'non-core' services such as business development. Through the provision of services, local governments have a real effect on the standard and quality of life of the people living and/or working in its general area. Given this, it is important that these services are provided in an efficient manner and at an appropriate level of quality. Municipalities have considerable experience with using comparisons at both the national and local levels. However, the aims and perspectives of comparisons vary from including a wide range of topics to including only very specific issues.

Benchmarking can be described as the comparison of activity and levels of performance between organizations with the aim of identifying opportunities for improvements. It appears in a variety of different forms depending on what type of activities are being compared, what kind of comparisons are being made, and finally how benchmarks are combined with allocation and reward mechanisms.

One distinction can be made between horizontal and vertical benchmarking.[xxxiv] On a horizontal dimension benchmarking projects are designed to improve performance within (internal) the local level (city or county councils and the administration). The horizontal dimension of benchmarking has its impetus within each local authority, which pushes to compare its own performance data with those of similar authorities, driven by a desire to improve themselves or to show that they are better than others. Horizontal benchmarking arises in situations where the willingness to change is high. This stimulates "best practice learning" and results in continuous performance improvements.

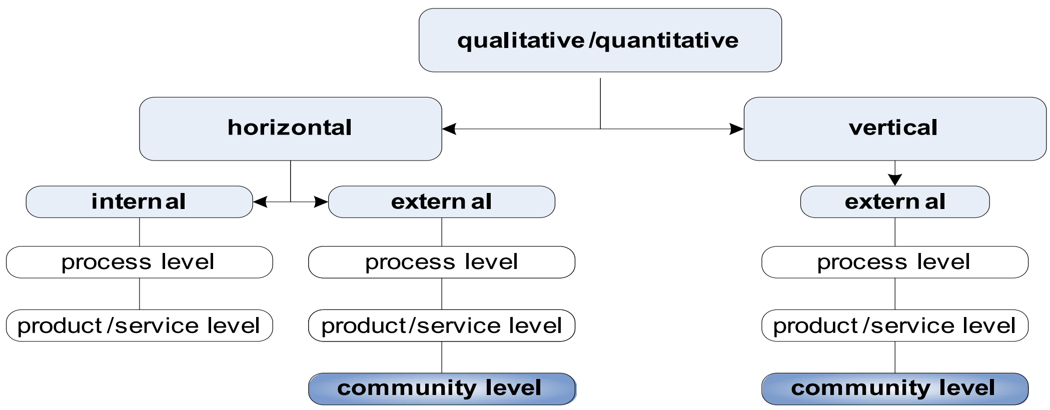
The vertical dimension of benchmarking primarily concerns the relation between regional and local authorities, in which one has steering or supervisory powers over the other. Performance indicators may support such a supervisory role effectively, by making it possible to use objective criteria to reward 'good' and punish 'bad' performers. Such a model of action has been widely adopted in the UK, but there are doubts as to whether it would be appropriate or even desirable in countries like Austria or Germany [xxxv]

Scope – Focus and Dimensions of "Regional/Local Benchmarking"

Benchmarking in the public sector concentrates on results (looking at products or services or at their impact on a community) while benchmarking in the private sector often concentrates on processes, either to reduce their costs or to improve their quality. Results benchmarking, which can also be identified as 'performance comparisons', is the measurement (in quantitative or qualitative terms) of inputs, outputs, outcomes, and the relationship between them. Some authors consider performance comparisons in the public sector to be of limited value: they may be useful in identifying specific areas of weakness but they do not help to analyse their causes or to suggest improvement.[xxxvi] On the other hand, it can be argued that one important goal of performance comparisons in the public sector is to provide information about the community in which a public institution operates. Process benchmarking may then be based on performance comparisons and then go on to identify an organizations structures, skills, and technologies which may support improvements in performance.

There are three general approaches which are used to describe the scope of results and process benchmarking. First, a whole community or regional system of institutions and communities can be compared by developing large systems of performance indicators. Second, benchmarking can have a specific focus on a certain field, such as education or health policy. A further form of benchmarking concerns the products, services and processes at the organizational level. The following table summarizes the integration between different types of benchmarking.

Figure 6: Integration of Different Types of Benchmarking



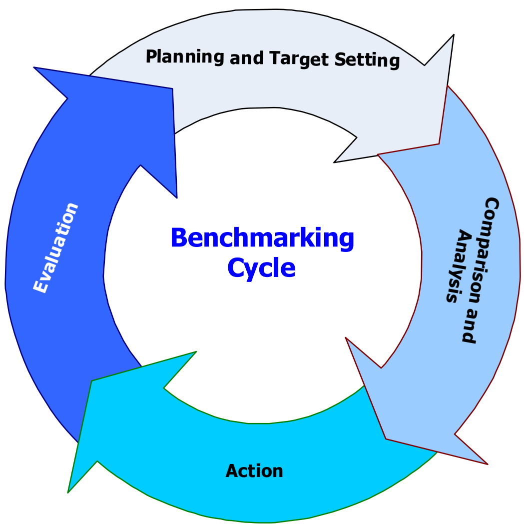
The balance between quantitative and qualitative indicators should depend on the scale of the benchmarking exercise. A larger scale, and more diversity between the institutions being compared, will require a more intense use of qualitative indicators and their integration with quantitative indicators, thereby creating a significant methodological challenge. Communities and institutions with a similar profile will benefit more from detailed quantitative analyses.

A Model of the Benchmarking Process

Successful benchmarking projects manage to take the interests of internal and external stakeholders into account. In choosing an approach to a benchmarking project, it is therefore critical to identify specific stakeholder requirements, since the outcome varies depending on their objectives.

The following figure displays the various steps in the benchmarking process as a continuous cycle in which the activities in each stage feed into the next. We discuss specific aspects relating to each step in the next paragraph.

Figure 7: Cycle of Steps in the Benchmarking Process



Planning and Target Setting – A Crucial First Step

Benchmarking, as well as performance management in general, includes the selection and development of indicators. Indicators are closely linked to targets, in that they form the information basis for the assessment of which results are acceptable and which are not. Target setting can in turn be the result of a technocratic or of a participative process. A technocratic process implies that targets are set by experts (e.g. service professionals and senior officials, either at central or local levels). A participative process implies a form of deliberative democracy which includes several stakeholders.[xxxvii]

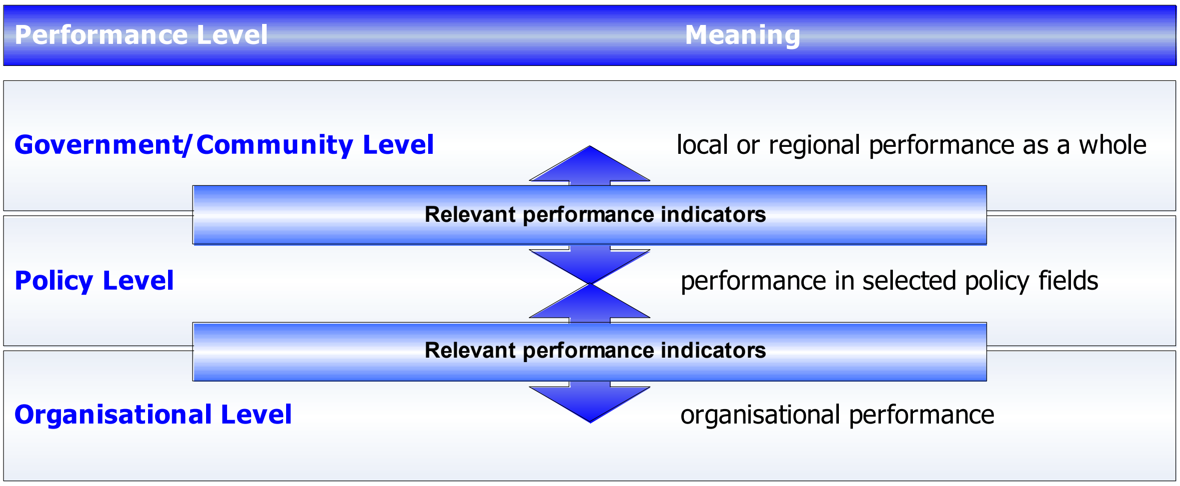
Setting targets works better if two conditions are met:[xxxviii]

- Groups which benefit from the achievement of a certain target are involved in setting it.

- Staff in institutions responsible for the delivery of certain services is involved not only in setting targets but also in selecting a strategy to achieve them. The involvement of service providers should also contribute to identifying the right balance between inputs and outputs in the selection of targets, an activity which has been considered an integral part of policy formulation in the public sector.[xxxix]

The following graph summarizes the scope of benchmarking at different levels.[xl]

Figure 8: The Scope of Benchmarking at Various Levels



Comparison and Analysis

The ultimate purpose of benchmarking is to compare performance in an attempt to achieve improvement and competitiveness. Once necessary data is collected, the analysis phase must not only lead to the possible identification of a performance gap, but also to a better understanding of the institution's own current and external practices. As a result of this analysis, the reasons why and how others perform better must become clear.

Action

The findings from the benchmarking analysis phase have to be communicated to relevant stakeholders with a view to obtaining support for the introduction of new practices aimed at improving results and performance. Performance gaps identified in the analysis phase can then be used to set operational targets. The change of operational practices is a key aspect of the benchmarking process. These must also reflect the findings of the analysis phase and include periodic performance measurement to evaluate the effects of change.

Evaluation

The essential aim of benchmarking activity is to achieve better results by changing operational practices or policies within a community. Achieving this stage however does not imply that the process stops and that the task is finished. In fact, the success of benchmarking is characterised by the continuing measurement of performance against others and improvement of practices and processes.

Findings

The main objective of benchmarking exercises is to support better political and managerial decision-making, leading to improved outcomes for the community, and also to meet external accountability requirements.

The decision on scope and focus is crucial and should consider regional needs and contexts. In any case, taking the need of incorporating benchmarking as a performance feature of policy making and character into account, the focus of benchmarking projects should preferably be on factors that regions and communities can address and influence with their strategies, policies, and measures.

One of the most important reasons and values of a locally based regional benchmarking process is that it raises the awareness of regional stakeholders on the situation of their region compared to others. Therefore, it is important that the measures of performance, used by public organization, are developed with as much input and consultation from stakeholders as is feasible, so as to reach as much of a consensus as possible with regards to what is expected of the organization/program.[xli] Presenting the regional situation in comparison may motivate and commit regional politicians and decision-makers to reconsider current strategies and policies.[xlii]

Local benchmarking can also be seen as a regional marketing tool. From this perspective a regional benchmarking exercise is seen as a tool for promotion and positioning of the region on the market as a leader in certain fields.[xliii]

Trans-regional bench-marking projects which are viewed as an opportunity to collaborate with other regions and to establish trans-regional partnerships provide another possible approach. Regions working together on a common benchmarking methodology get to know each other better and can explore other forms of cooperation as a result. The scope and the focus of regional benchmarking depend, to a large extent, on the local/regional context and on its stakeholders. Finding consensus on a common approach and strategic focus is particularly difficult in the context of interregional projects.[xliv]

Such contextual differences make it practically impossible to construct and agree on one universally applicable methodological approach to regional benchmarking. Although, while in theory such methodology is possible, its explanatory powers would be very limited.

Comparisons can serve a useful purpose by pointing out the fact that regions and cities differ and by calling for explanations as to why it is so. Crucially, it is important to distinguish between ‘competition’ and ‘competitiveness’.[xlv] This is not to deny the importance of competition, but there are structural limits to and negative consequences of excessive competition in the public sector if it is seen in narrow adversarial market terms.[xlvi]

The task of identifying and formulating preconditions for good and effective regional and local policy-making is a rather challenging one. This utilizes benchmarking as a popular method to monitor peers with the aim of identifying best practices. For the purpose of enhancing the competitiveness of regions, however, benchmarking still has to prove its promises. Although, it is still useful to compare the structure and performance of regions or communities and to derive general policy implications from such benchmarking studies. Such studies provide considerable insights in the wide range of successful development paths available to regions. Policy-makers, however, should be reluctant to imitate a successful (institutional) model (such as the Silicon Valley model) that has its origin in a different environment without accounting for region-specific contexts.[xlvii]

The core problem of shaping regional policy by imitating best practices concerns the (often subtle) interdependencies existing between different factors contributing to a successful model. This implies that the imitation of a subset of (success) factors may be detrimental for another region because of the mismatch between the new subset and the existing structures and routines.[xlviii] The historical evolution of a region sets serious limits on the copying and imitating of an external model that owed its success to its deep roots in an antagonistic environment. This is essential not only for the whole system (such as the Silicon Valley model), but also for transferring one successful part of a system from one local context to another. For example, the set-up of a research centre of excellence in a technological field is likely to remain a “cathedral in the desert” in a region that lacks the required competences (in regards of firms, educational facilities, financial institutes, etc.) and the necessary institutional context.[xlix]

Conclusion

Although the use of benchmarking has become a popular tool within public management reform, we must conclude, at this time, that the use of benchmarking as an instrument to improve local government performance only focuses on operational and organisational aspects. Current benchmarking strategies in the public sector are therefore unlikely to have a significant influence on improving services at the local level and therefore also make no contribution to the enhancement or sustainability of the competitiveness and performance of communities and regions.

About the Authors

Paolo Rondo-Brovetto is a Professor in the department of Public, Non-Profit, and Health Management at the University of Klagenfurt in Austria and is the Chair of the Public Business Administration department. He has worked on a number of international projects with numerous organizations, including with the World Health Organization.

Iris Saliterer is a Professor in the department of Public, Non-Profit, and Health Management at the University of Klagenfurt in Austria.

Endnotes

[i] Hood, C. 1991. *A Public Management for All Seasons*, in: Public Administration, Vol. 69: 3-19; Hood, C. 1995. *The ‘New Public Management’ in the 1980’s: variations on a theme*, in: Accounting, Organizations and Society, Vol. 20 (2/3): 93-109; Dunleavy, P. and C. Hood, 1994. *From old public administration to new management*, in: Public Money and Management, 14(3): 9-16.; Pollitt, C. 1990, 1993. *Managerialism and the public services: the Anglo-American experience.* Oxford: Blackwell Publishers; Pollitt, C. 2003. *The Essential Public Manager.* Philadelphia: Open University Press; Pollitt, C. and G. Bouckaert. 2000,

2004. *Public management reform: a comparative analysis*, Oxford, Oxford University Press; Ferlie, E. et. al. 1996. *The New Public Management in Action*, Oxford University Press, Oxford.; Borins, S. 1995. *Summary: Government in Transition – a New Paradigm in Public Administration in Commonwealth Secretariat*, in: Government in Transition – the inaugural Conference of the Commonwealth Association for Public Administration and Management, Toronto: 3-23; Borins, S. 2000. *New Public Management, Canadian Style*, in Barrows, D. and H. I. Macdonald. (eds): The New Public Management: International Developments, Captus Press: 173-199; Kettl, D. 2000. *The global public management revolution: a report on the transformation of governance*, Washington DC, Brookings Institution Press; Gore, A. 1993. *From Red Tape to Results: Creating a Government that Works Better and Costs Less*. Report of the National Performance Review (NPR), New York: Times Books/Random House; Osborne, D. and T. Gaebler. 1992. *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector from Schoolhouse to Statehouse*, City Hall to Pentagon. Reading, MA: Addison-Wesley.

[ii] Hood, C. 1991. *A Public Management for All Seasons*, in: Public Administration, Vol. 69: 3-19; Hood, C. 1995. *The 'New Public Management' in the 1980's: variations on a theme*, in: Accounting, Organizations and Society, Vol. 20 (2/3): 93-109

[iii] Osborne, D. and T. Gaebler. 1992. *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector from Schoolhouse to Statehouse*, City Hall to Pentagon. Reading, MA: Addison-Wesley.

[iv] Peters, B. G. 2001. *The Future of Governing*. 2nd Edition, Revised. Lawrence, Kansas: University of Kansas Press.

[v] Peters, B. G. 2001. *The Future of Governing*. 2nd Edition, Revised. Lawrence, Kansas: University of Kansas Press: 24

[vi] The following table draws together what may be regarded as the key components of NPM. See for example Labri, G. A. 1998. *Implementing New Public Management Reforms in Public Services in Ghana: Institutional Constraints and Capacity Issues*, unpublished Ph.D. thesis, School of Public Policy, University of Birmingham.

[vii] Bouckaert, G. and J. Halligan. 2006. *A Framework for Comparative Analysis of Performance Management, Paper for presentation to Study Group on Productivity and Quality in the Public Sector*, Conference of European Group of Public Administration, Università Bocconi, Milan, 6-9 September 2006.

[viii] Pollitt, C. and H. Summa. 1997. *Trajectories of Reform: Public Management Change in Four Countries*, in Public Money & Management, Vol. 17 (1):7

[ix] Lane, J. E. 1997. *Reform in the Nordic countries*, in: Lane J. E. (ed.): Public sector reform: Rationale, trends and problems, Sage, London, 1997.

[x] Reichard, C. 2000. *Marketisation of Public Services in Germany*, in: E. Schröter, H. Wollmann (eds.): Public Sector Modernization in Britain and Germany. Macmillan:Houndmills, London 2000.

[xi] Schedler, K. and I. Proeller. 2003. *New Public Management*, Haupt, Bern.

[xii] KGSt (Kommunale Gemeinschaftsstelle für Verwaltungsmanagement) is the largest local government association in Germany, comprising approximately 1600 municipalities in Germany and Austria

[xiii] Reichard, C. 2000. *Marketisation of Public Services in Germany*, in: E. Schröter, H. Wollmann (eds.): Public Sector Modernization in Britain and Germany. Macmillan, Houndmills, London 2000; Kuhlmann, S. 2004. *Interkommunaler Leistungsvergleich in Deutschland: zwischen Transparenzgebot und Politikprozess*, in: Kuhlmann, S. et. al. (eds.): Leistungsmessung und –vergleich in Politik und Verwaltung, Konzepte und Praxis, Wiesbaden 2004: 94–120.

[xiv] Askim, J. 2004. *Benchmarking in Local Government Service Delivery: Window dressing or a Potent Driver for Improvement? Evidence from Norway*, in: Kuhlmann, S. et. al. (eds.): Leistungsmessung und –vergleich in Politik und Verwaltung, Konzepte und Praxis, Wiesbaden 2004: 277-302.

[xv] Artley, W. and S. Stroh. 2001. *Establishing an Integrated Performance Measurement System, in: The Performance-Based Management Special Interest Group (PBM SIG)* (eds.): The Performance-Based Management Handbook: A Six-Volume Compilation of Techniques and Tools for Implementing the Government Performance and Results Act of 1993, Volume 2.

[xvi] Bouckaert G. and W. van Dooren. 2003. *Performance management in public sector organizations*, in: Löffler, E./Boivard, T. (eds.): Public management and governance, London, Routledge.

[xvii] O`Connell, I. 2000. *Building a public sector benchmarking framework for citizen satisfaction results,* Institute for Citizen-Centred Service.

[xviii] Organisation for Economic Co-operation and Development (OECD). 1997. *Benchmarking, evaluation and strategic management in the Public Sector*, paper presented at the 1996 Meeting of the Performance Management Network of the OECD´s Public Management Service, Paris 1997.

[xix] Camp, R. C. 1989. *Benchmarking: The Search for Industry Best Practices That Lead To Superior Performance*, Milwaukee, Wisconsin, Quality Press.

[xx] Scott W.R. 1992. *Organisations: Rational, Natural and Open Systems*. New Jersey: Prentice Hall.

[xxi] Kitson et. al. 2004. *Regional Competitiveness: An Elusive yet Key Concept?*, in: Regional Studies, Special Issue on Regional Competitiveness, Vol.38: 991-999.

[xxii] Kitson et. al. 2004. *Regional Competitiveness: An Elusive yet Key Concept?*, in: Regional Studies, Special Issue on Regional Competitiveness, Vol.38: 991-999.

[xxiii] Storper M. 1997. *The Regional World: Territorial Development in a Global Economy*. Guilford Press, New York.

[xxiv] Porter M. E. 1998. *Clusters and competition: new agendas for companies, governments, and institutions*, in: Porter M. E. (ed.): On Competition,. Harvard Business School Press, Boston.:197-287; Porter M. E. 1998. *Location, clusters and the new economics of competition,* Business Economics 33: 7-17; Porter M. E. 2000. *Location, competition and economic development: local clusters in the global economy*, Economic Development Quarterly 14: 15-31; Porter M. E. 2001. *Regions and the new economics of competition*, in: Scott, A. J. (ed.): Global City Regions. Blackwell, Oxford.: 139-152; Porter M. E. 2003. *The economic performance of regions*, in: Regional Studies, Vol. 37: 549-578.

[xxv] European Commission. 1999. *Sixth Periodic Report on the Social and Economic Situation of Regions in the EU*, Brussels: European Commission cited in Kitson et. al. 2004. Regional Competitiveness: An Elusive yet Key Concept?, in: Regional Studies, Special Issue on Regional Competitiveness, 38: 991-999

[xxvi] Group of Lisbon. 1995. *Limits to Competition*. MIT Press, Cambridge, MA.

[xxvii] Turok, I. 2004. *Cities, Regions and Competitiveness*, in: Regional Studies, Vol. 38(9): 1069-1083f

[xxviii] Kitson et. al. 2004. *Regional Competitiveness: An Elusive yet Key Concept?*, in: Regional Studies, Special Issue on Regional Competitiveness, 38: 991-999.

[xxix] ODPM. 2004. *Competitive European Cities: where do the core cities stand*, London: ODPM and ODPM .2003. Cities, Regions and Competitiveness, London, ODPM.

[xxx] Kitson et. al. 2004. *Regional Competitiveness: An Elusive yet Key Concept?*, in: Regional Studies, Special Issue on Regional Competitiveness, Vol.38: 991-999.

[xxxi] Boyne, G. A. and J. Law. 2005. *Setting Public Service Outcome Targets: Lessons from Local Public Service Agreements*, in: Public Money & Management, Vol. 25(4): 253-260; Boyne, G. A. 2003. *Planning and Performance in Public Organizations: An Empirical Analysis*, in: Public Management Review, 5: 115-132; Boyne G.A. 2003. *What is Public Service Improvement?* in: Public Administration, 81: 211–227.

[xxxii] Spendolini, M. J. 1992. *The Benchmarking Book*, New York, American Management Association

[xxxiii] Tillema, S. 2005. *Public Sector Organisations' Use of Benchmarking Information for Performance Improvement Purposes – Theoretical Analysis and Case Study in Dutch Water Boards*, Paper presented at the The Second TransAtlantic Dialogue (2TAD), Performing Public Sector, Leuven, 1-3 June 2006.

[xxxiv] See also Kuhlmann, S. 2003. *Benchmarking and Performance Measurement in German Local Governments*, Paper presented at the Round Table in Oslo 22–24 of May 2003; Wollmann. 2004. *Leistungsmessung (performance measurement) in Politik und Verwaltung: Phasen, Typen und Ansätze im internationalen Überblick*, in: Kuhlmann, S. et. al. (eds.): Leistungsmessung und –vergleich in Politik und Verwaltung, Konzepte und Praxis, Wiesbaden 2004: 21-47.

[xxxv] Kuhlmann, S. 2004. *Interkommunaler Leistungsvergleich in Deutschland: zwischen Transparenzgebot und Politikprozess*, in: Kuhlmann, S. et. al. (eds.): Leistungsmessung und –vergleich in Politik und Verwaltung, Konzepte und Praxis, Wiesbaden 2004: 94–120; Kuhlmann, S. 2003. *Benchmarking and Performance Measurement in German Local Governments*, Paper presented at the Round Table in Oslo 22–24 of May 2003.

[xxxvi] Bullivant, J.R.N. 1994. *Benchmarking for continuous improvement in the public sector*, Essex, England

[xxxvii] Boyne, G. A. and J. Law. 2005. *Setting Public Service Outcome Targets: Lessons from Local Public Service Agreements*, in: Public Money & Management, Vol. 25(4): 253-260.

[xxxviii] Public Administration Select Committee. 2003. *On Target? Government by Measurement*, London, The Stationery Office also cited in: Boyne, G. A. and J. Law. 2005. Setting Public Service Outcome Targets: Lessons from Local Public Service Agreements, in: Public Money & Management, Vol. 25(4): 253-260.

[xxxix] Lindblom 1959. *The science of muddling through*, in: Public Administration Review, 39: 517-526; Boyne, G. 2004. *Explaining Public Service Performance. Does Management Matter?* in: Public Policy and Administration. 19(4):110-117.

[xl] Bouckaert and Halligan. 2006. develop a framework for comparative analysis of performance management and talk about macro, meso and micro levels of public performance management and the necessity of linking them with each other; Bouckaert and Halligan. 2006. *A Framework for Comparative Analysis of Performance Management*, Paper for presentation to Study Group on Productivity and Quality in the Public Sector, Conference of European Group of Public Administration, Università Bocconi, Milan, 6-9 of September 2006.

[xli] Keehley, P. et. al. 1997. *Benchmarking for Best Practices in the Public Sector - Achieving performance breakthroughs in federal, state, and local agencies.* San Francisco: Jossey-Bass Publishers, San Francisco 1997.

[xlii] Iurcovich, L. et. al. 2006. *Regional Benchmarking Report – Blueprint for regional innovation benchmarking*, Mutual Learning Platform (MLP).

[xliii] Iurcovich, L. et. al. 2006. *Regional Benchmarking Report – Blueprint for regional innovation benchmarking*, Mutual Learning Platform (MLP).

[xliv] Iurcovich, L. et. al. 2006. *Regional Benchmarking Report – Blueprint for regional innovation benchmarking*, Mutual Learning Platform (MLP).

[xlv] Kitson et. al. 2004. *Regional Competitiveness: An Elusive yet Key Concept?*, in: Regional Studies, Special Issue on Regional Competitiveness, 38: 991-999.

[xlvi] Group of Lisbon. 1995. *Limits to Competition*. MIT Press, Cambridge, MA.

[xlvii] Boschma, R. A. 2004. *Competitiveness of Regions from an Evolutionary Perspective*, in: Regional Studies, Special Issue on Regional Competitiveness, 38(9): 1001-1014; Boschma, R. A. 2005. *Rethinking regional innovation policy: the making and breaking of regional history*, in Fuchs G. and Shapira P. (eds) Rethinking Regional Innovation and Change: Path Dependency or Regional Breakthroughs?, Springer, Dordrecht: 249-271.

[xlviii] Harmaakorpi, V. 2004. *Building a competitive regional innovation environment – the regional development platform method as a tool for regional innovation policy*, Lahti Center, Doctoral dissertation series 2004.

[xlix] Boschma, R. A. 2004. *Competitiveness of Regions from an Evolutionary Perspective*, in: Regional Regional Studies, Special Issue on Regional Competitiveness, 38(9): 1001-1014; Boschma, R. A. 2005. *Rethinking regional innovation policy: the making and breaking of regional history*, in Fuchs G. and Shapira P. (eds) Rethinking Regional Innovation and Change: Path Dependency or Regional Breakthroughs? Springer, Dordrecht: 249-271.