



Performance benchmarking and social auditing in the public sector of Nigeria

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Abstract

The concept of benchmarking, for optimization of resources in order to achieve efficiency and effectiveness, has been a neglected phenomenon in the Nigerian public sector. Nigerian governments are hardly accountable to the society they serve. Often times, government activities have been reduced to provision of social amenities such as roads, electricity and water but unfortunately, the efforts of the various governments are not matched with enabling performance indicators by which government could be evaluated and assessed. The paper brings to the fore the need to have performance benchmarking in the Nigerian economy nay, the public sector. The methodology adopted for the study was the review of existing literature approach.

Keywords: benchmarking, social auditing, public sector, social balance sheet

1. Introduction

The quest for improved value-for-money by governments has led to the development of a range of efficiency tools. Benchmarking is one of the several tools, which are increasingly recognized as particularly valuable in most countries. Equally, quality standards are usually applied to social enterprise through a form of social auditing that goes beyond checking on financial accountability to cover other activities that may not directly include the handling of money. Because economies have developed from within a community and voluntary sector that provided a range of social services, often with a minimum of financial resources, a method of auditing was needed that covered internal systems and external impact, based on an organization's vision and objectives. Social auditing became a way of measuring efficiency, impact and effectiveness while helping organizations to reassess their reason d'etre.

Benchmarking is an efficiency tool based on the principle of measuring the performance of one organization against a standard, whether absolute or relative to other organizations. Klages (1996) opines that by classifying benchmarking approaches as either result-oriented or process-oriented, or perhaps results plus process-oriented, one can quite obviously understand a central characteristic of the activities being benchmarked.

Benchmarking can be effective at all levels of operation from conduct of individual processes such as invoice handling, to the operational performance of organizations. The essence of benchmarking is to learn from others in order to perform better. According to Anderson and Pettersen (1996: 1) "benchmarking is the process of continuously measuring and comparable processes in leading organizations to obtain information that will help the organization identify and implement improvement". Many view benchmarking as a method for comparing key figures, often-financial key figures for the purpose of ranking the organization in relation to competitors or the industry average (Blenell, 1993). Benchmarking entails moving towards measuring and publishing organization's performance as a means of identifying good practice and

encouraging the pursuit of improvements. It aims at seeking to achieve continuous improvement of public services, while retaining accountability for service provision.

A follow-up to performance benchmarking is social auditing. A social audit is a framework to help organizations engage with its stakeholders and to capture its social and environmental impacts in a bid to improve performance and strengthen accountability. It is a method for organizations to plan, manage and measure internal and external consequences of the organization's social and commercial operation.

2. Statement of the Problem

The Nigerian economy is such that the public sector appears not to be accountable to the electorate or the general public. Managers at all strata of governments-federal, state and local seem too careless about the wishes of the public while budgeting and executing socio-economic programmes. Often times decisions are taken based on the whims and caprices of the executives of governments at the detriment of social needs. There is hardly any comparison between the actions and achievements of the government with its previous activities, with its peers and competitors or with generally acceptable world best practices. The need to measure performance of one government organization against a standard whether absolute or relative to other organization is the focus of this paper.

3. Literature review

3.1 Types of benchmarking

Benchmarking is a family of techniques and it has three main aspects. According to Torsa and Williams (1995), benchmarking can be classified into the following aspects: standards benchmarking, results benchmarking and process benchmarking.

Standards benchmarking sets a standard of performance which an effective organization could be expected to achieve. The publication of a challenging standard can motivate staff and demonstrate a commitment to improve the service provided. Information on an organization's

performance against the standard can be used as a monitoring tool by its principals: ministers, commissioners and councilors.

Results benchmarking compares the performance of a number of organizations providing a similar service to allow the public to judge whether their local provider makes effective use of its resources compared to other similar providers. In the absence of the competitive pressures which operate in the private sector, this can provide a significant incentive to improve efficiency.

Process benchmarking undertakes a detailed examination, within a group of organizations, of the processes which produce a particular output, with a view to understanding the reasons for variations in performance and incorporating best practices.

Results-oriented benchmarking uses reformulated normative standards as instruments of comparison and learning while the second type uses non-purpose. These empirical data may be ordered, compressed to indicators and processed in other ways in order to make (Klages 1996). Okafor and Udu (2007) [5] while quoting them suitable for benchmarking Andersen (1995) identified different types of benchmarking based on whom it is compared against and what is being compared. Thus the following classifications are possible: internal benchmarking and generic benchmarking.

Internal benchmarking is a comparison against the best within the same organization. Internal benchmarking gives the organization an understanding of its own performance level. It allows best practice that exists within the organization to be identified and installed, company or organization wide.

Competitive benchmarking enables comparison between the processes of companies or organizations operating within the same industry that is against the best direct competitor. Gray (1995) suggests that it is highly relevant to companies offering the same product and working within the same customer base.

Generic benchmarking is a comparison against the best regardless of the industry or market. Example, recruitment is common to all organizations and can be compared. Generic benchmarking among other numerous advantages broadens the knowledge base of the organization and offers creative and stimulating ideas.

3.2 Benefits of benchmarking and social auditing

Benchmarking is an efficiency tool, which is based on the principle of measuring the performance of one organization against standard. It can be effective at all levels of an organization. Cowper and Samuels (2004) [3] highlighted the underlisted uses of benchmarking:

1. It is used to assess performance objectively,
2. It is used to express areas where improvement is needed,
3. It is used to identify other organizations with processes resulting in superior performance with a view to their adoption,
4. It is used to test whether improvement programmes have been successful,

Cowper and Samuel (2004) [3] further highlighted the specific benefits of benchmarking to include:

1. It provides an insight into the private sector best practice as described in the model and caused by key issues affecting modes of operation to be raised for further discussion,

2. It focuses the management teams on their business in total providing an opportunity to discuss and debate key issues and their linkages and interdependencies,
3. It provides a progress to date and plot where they need to be in future in relation to their plans, and
4. Identifying issues affecting local issues that could be developed via inter-agency contact and sharing of best practices.

In their contribution Okafor and Udu (2006) [5] deduce the importance of benchmarking to include:

1. It helps the organization to understand and develop a positive attitude towards its business processes,
2. It encourages an active learning process in the organization and motivates change and improvement,
3. The organization finds new sources for improvement and new ways of doing things outside its own environment, and
4. The rough benchmarking, reference points are established for performance measurement of business processes.

Following self-assessments, organizations identify key areas of improvement and develop appropriate action plans. A number of organizations focused on the link between their overall strategy and its implementation throughout the organization by means of business planning. Results of benchmarking have generally revealed new aspects of known issues, rather than uncovering previously unsuspected weaknesses.

When social audit is superimposed on social accounts, it gives the qualitative and quantitative information needed to tell how an organization is performing as well as what people think about its performance. Social accounts that have been audited by an independent social panel will have credibility. Publishing social account allows those people who work in partnerships to understand the true nature of added values. Through the production of audited social accounts, the organization can fulfil its accountability to the stakeholders. The important principles of social accounting and auditing is to achieve continuously improved performance relative to the chosen social objectives and to stated values. Social auditing provides an assessment of the impact of an organization's non-financial objectives through systematically and regularly monitoring its performance and the views of its stakeholders. It requires the involvement of stakeholders. This may include employees, clients, volunteers, founders, contractors and local residents interested in the organization. Stakeholders are those persons or organizations who have an interest in, who have invested resources in the organization the tax payers, primarily.

3.3 Social balance sheet

This is a social audit methodology, which is based on a set of 15 values, incorporating consideration of different stakeholders. The social balance sheet method evaluates organizations on three levels: economic performance, social effectiveness and environmental impact.

The social balance sheet can be used as an external and internal information tool and strategic decision-making aid. It facilitates transparency within the organization and provides organizations with a means to assess their behaviour and values. This methodology is based on the

following criteria:

1. Activity: the relationship between the observed activity and the potential offered to staff and resources,
2. Internal citizenship: the capacity of the organization to promote an internal democracy,
3. local and economic citizenship: the relationship with other players in the geographical area and with external economic partners,
4. Competivity: the capacity to face competition by Adapting to changes in the market,
5. Conviviality: the capacity to maintain good relations between individuals,
6. Creativity: the capacity to innovate and develop new ideas,
7. Efficiency and effectiveness: the relationship between results obtained and projected results and between results obtained and resource used,
8. Employability and development of skills: providing employees with re-employment potential and to develop individual and collective skills,
9. Ethics: the respect of the values which the organization holds,
10. Respect of the environment,
11. Satisfaction: the capacity to respond to the needs of the Consumers and to the employees,
12. Health and safety: exposure to risk for the clients, personnel and other third parties,
13. Solidarity: the capacity to assist and support priority groups,
14. Social and collective utility: the capacity to provide goods or services to meet needs which have previously been poorly met or not at all, and
15. Viability: the capacity of the organization to ensure its own longevity and durability.

Performance management. One strategy for improving the learning capacity might be to switch to a benchmarking approach that combines standards with a results-oriented or perhaps combines standards with a results-plus process orientation. It is expected that higher learning effects occur, in particular, from the combination of standards with the measurement of results-plus process because this combination provides direct information on opportunities for improvements.

An essential parameter for benchmarking is the guarantee of infrastructure preconditions in the public sector. In other words, there should be an institutionalized practice to select and operate performance indicators that concentrate on results. The indicators should be agreed upon at all levels of the public sector. The motivational power and learning capacity offered by benchmarking could be increased by using best-in class performance management practices as a basis for formulating operational standards that can be used by all organizations as benchmarking for self-assessment and improvements.

4. Conclusion and recommendations

There is strong need for a change in trends towards the implementation of new and more effective managerial methods in order to achieve a good quality of service. Interest in quality of services by both the private and public sectors should be increasing. Effectiveness and efficiency of the public sector are concepts which are necessary to quality as value for money. The public sector ought to demonstrate

the quality of products and services they produce. Higher level of learning capacity for effectiveness and optimization must be connected with additional elements of benchmarking or performance management. One strategy for improving the learning capacity might be to switch to a benchmarking approach that combines standards with a results-oriented or perhaps combines standard with a results-plus process orientation. It is expected that higher learning effects occur, in particular, from the combination of standards with the measurement of results-plus process because this combination provides direct information on opportunities for improvement.

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The setting up of quality standards for the public sector organizations are proven to be beneficial to all concerned. The application of quality standard should be compulsory due to the fact that they improve efficiency and effectiveness. Furthermore, the following recommendations are submitted for improved performance:

- The use of a common method of auditing that covers internal systems and external impacts.
- The increased role of government in the development of instruments and tools for management of resources.
- more resources should be made available for the application of government enterprise,
- Reviews of quality standards should be regular using Mutually accepted indicators.

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