

Comparing to Improve, or Simply to Assert?

A Case Study of the Application of the Benchmarking Theory
within the Public Sector

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Abstract

Title: Comparing to Improve, or Simply to Assert? A Case Study of the Application of the Benchmarking Theory within the Public Sector

Background: Public sector organizations are pressured to become more efficient and effective. Several initiatives have been taken in order to improve their level of performance, where the adoption of New Public Management is prevalent. Benchmarking is one concept derived from this, of which have been subject to excessive research. Thus, focusing on issues concerning the benchmarking cycle and its degree of compliance in the public sector is yet lacking.

Aim: To scrutinize how thoroughly the benchmarking theory is applied within the public sector, in order to achieve performance improvements.

Research Question: How are the interconnecting steps of the benchmarking process carried out in the public sector, in order to generate performance improvements within its comprising municipalities?

Method: A case study was carried out in accordance to a qualitative scientific theoretical approach, where a total amount of 14 semi-structured interviews were conducted with CFOs and officials from seven different municipalities. A document analysis was also conducted in order to complement the interviews.

Theory: Different theoretical frameworks in relation to benchmarking were studied, summing up in an analytical model, of which was used in order to analyze the empirical findings.

Empirics: The empirics comprise the most vital findings for the aim of this study, obtained from a compilation of the semi-structured interviews and the document analysis.

Conclusion: The empirical material attained indicated significant difficulties in conducting the entire benchmarking process. The initial parts were carried out thoroughly, whilst the last parts, in particular the analysis, were mainly lacking.

Key Words: Benchmarking, Public Sector, Key Performance Indicators, Performance Improvement

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1. Introduction

In the introducing chapter a background of the thesis' research field is presented. Then a section in which the issues and problems of the field are discussed, further leading to a stated problem formulation and aim, underpinning the study that is going to be conducted. Lastly, a section addressing the scope and delimitations of the study is recognized.

1.1 Background

The public sector, particularly municipalities and counties, constitute a major role in production of Swedish welfare, and accounts for considerable consumption. Their size makes them a significant actor in the society, regarding economic factors and in terms of creating social good, i.e. maximizing citizens' wellbeing (SOU 2005:110). In the 1970s, a debate regarding public sector organizations was brought to surface (Cappelli *et al*, 2011), of which focus was directed towards the concept of performance measurements (Bourne *et al*, 2000). The debate came to develop further during the 1980s and 1990s (Cappelli *et al*, 2011), where measurement systems, at the time, were criticized for their shortcomings (Bourne *et al*, 2000). The argumentations for change were numerous and the continuing modernization of this sector is still of utmost importance (Cappelli *et al*, 2011). Several initiatives have been taken at national level to improve public sector performances (Norrlid and Törnvall, 2007). The public sectors have further been subject to multiple changes, commonly referred to as New Public Management (NPM)¹, which are a cluster of ideas imitating private sector nature (Almqvist, 2006).

This resulted in that many public services provided were under pressure to become more efficient and effective without decreasing quality. This in order to minimize demands on the countries taxpayers, i.e. by focusing on the maintenance and constitution of an enhanced wellbeing of the citizens (Brignall and Modell, 2000). In order to reach these new demands, public sector has been exposed to new management techniques, encompassing the NPM-reform (Brignall and Modell, 2000). Within NPM, a major branch that has been incorporated is referred to as benchmarking (Kouzmin *et al*, 1999). Benchmarking is a tool that comprises conduction of comparisons between entities in order to reach improvement (Kouzmin *et al*, 1999), and can in

¹ Abbreviations will be used throughout this study. As proceeding please see Appendix I for a full dictionary.

best case scenario lead to improved quality and reduced costs (Bowerman *et al*, 2001). Evidence, from a study where 75 % of Chief Financial Officers (CFO) in Swedish municipalities took part, shows that 70 % of those who answered are using benchmarking within their organizations (Siverbo and Johansson, 2006). This impact can be explained by that organizations actively are seeking solutions regarding how to improve and achieve more efficiency and effectiveness (Bowerman *et al*, 2001).

During the years of 2007-2009, Swedish Government invested 12 million Swedish crowns with the aim to engage approximately 200 municipalities and all county councils in a recurrent benchmarking-project called Project National Comparison (Norrlid and Törnvall, 2007). The project was a co-operation between Swedish Association of Local Authorities and Regions (SKL), the Swedish treasury department and Council for Local Government Analysis (RKA), where the purpose was to develop sustainable quality measures and permanent features regarding cost efficiency, by using key performance indicators (KPIs). The project consisted of 28 networks with 5-10 municipalities in each network (SKL, 2009). As a result from this, the interest for benchmarking has increased in public sectors (Norrlid and Törnvall, 2007). Many of the networks created still exist and have further managed to establish a continuous work with benchmarking. One of these is Network Södertörn, which municipalities represent the south region of Stockholm² (Södertörnskommunerna, 2013a).

By comparing and analyzing municipalities from produced KPIs, management can improve their knowledge regarding organizations they are in charge of (SOU, 2005:110). Consequently, it represents a tool that enables opportunities for enhancing performances. However, concerns have been expressed regarding the understanding of the real nature of benchmarking implementations in public sector (Tillema, 2007). It has been questioned whether the public sector has been able to further analyze and implement obtained data of measurements made, in order to actually initiate actions for performance alterations. Subsequently, this constitutes an issue this study aims to scrutinize.

² Botkyrka, Haninge, Huddinge, Nynäshamn, Salem, Södertälje and Tyresö.

1.2 Problem Discussion

In the course of benchmarking, Kouzmin *et al.* (1999) highlights the importance of spreading and analyzing obtained findings throughout entire entities. This enables entities to identify underlying factors, which further creates opportunities to adopt measures for change. It is stated that, the process of benchmarking is first completed once concrete actions are carried out, and only then opportunities to change and improve prevails (Peters, 1995).

However, concerns have been elevated regarding the comprehension and real nature of the benchmarking implementation in the public sector (Tillema, 2007). Helden and Tillema (2005) argues that due to the fact that there are no threats of existence within the public sector, in terms of consumer choice, this could result in a lack of incentives for utilizing benchmarking for performance improvements. In that stance, it is further argued that focus largely lies in generating comparative data used to defend and justify accomplished performance, rather than complete the benchmarking cycle, i.e. analyze the results (Tillema, 2007). Consequently, it can be questioned if the process of benchmarking and its comprising components are used thoroughly and if benchmarking of KPIs is an assignment worth doing.

As argued by Peters (1995), benchmarking is more than attaining required data, since these figures have to be used in the last step of the cycle for an organization to be able to reach changes and improvements. Further inferring that the municipalities can excel in collecting data and creating reports from figures calculated, but if the benchmarking process is not conducted thoroughly, a significant amount of value and potential outcomes are being lost. This also implies that managers could miss out on essential information useful to establish suitable actions to enhance the operations of entities, in terms of efficiency and effectiveness. It can then be questioned if components of the benchmarking process have not been utilized as initially designed, and further if the entities and municipalities of the public sector have been assigned the right tools and knowledge to be able to analyze and implement outcomes.

On the contrary, in the work carried out, different strategies have been used to make decisions. Putting this in relation to the fact that the initial constructing bases of the municipalities' structure are analogous, it has been contended that the comparisons conducted between the

municipalities are profitable (SOU, 2005:110). In that regard, the main objective behind Network Södertörn is to provide the City Council an overview of how costs and services stand in relation to other participating municipalities, as well as to use the KPIs as a support for operational development (Södertörnskommunerna, 2013b). The public sector nature does not comprise any competition for market shares, which enables significant potential for managers to utilize the benchmarking process to the utmost (SOU, 2005:110). However, it can be questioned if managers exploit this opportunity and to what extent.

Tillema (2007) states that even though the engagement of using the benchmarking process has increased, and gained a more central role of financial control, benchmarking information is not necessarily used with purpose to improve performance. Given these aspects it can be questioned, as asserted by Bowerman *et al.* (2002, pp. 434-435), whether “the promise that benchmarking in the public sector will lead to enhanced organizational efficiency and effectiveness” actually is or can be fulfilled.

1.3 Problem Formulation

An excessive amount of research has been conducted addressing different aspects and perspectives regarding the theory of benchmarking. Thus, research focusing on issues concerning if the benchmarking cycle is performed thoroughly regarding all its different steps in the public sector, in order to incorporate received information for implementations of performance improvements, is yet lacking. Concerns are raised regarding the usage of the material in a subsequent second stage, moreover, if analyzes are performed. Hence, this constitutes an identified research gap that would be of relevance to explore.

The municipalities within the public sector comprise equal initial structures and thereof possess the same prerequisites for their continuous operations, which enables potential to utilize the benchmarking process in a wide extent. In that context, Network Södertörn constitutes an interesting ongoing project to scrutinize. With regards to this, it becomes questionable how this network carries out the results in their benchmarking process and if comparisons made actually are conducted in order for the municipalities to become more efficient and effective. Further, if

the actors in the public sector contains adequate knowledge and expertise, as well as time and resources, to be able to accomplish this sort of work with regards to the desired outcomes.

1.4 Research Question

How are the interconnecting steps of the benchmarking process, carried out in the public sector, in order to generate performance improvements within its comprising municipalities?

1.5 Aim

The aim of this study is to scrutinize the process of benchmarking in the public sector, using a concrete subject in practice. The focus will be directed towards how the components of benchmarking are applied and further, how the information obtained in the process is used in order to achieve performance improvements. Thereby, this study contributes to existing literature within public sector benchmarking by developing an understanding of how the benchmarking process is carried out. Further, contributions are made regarding what aspects that, in particular, need to be considered in order to achieve a successful cycle where all steps have been assessed.

1.6 Scope and Delimitations

This study undertakes the perspective of benchmarking towards KPIs. In order to make the extent and results of the study more manageable and applicable, the focus was narrowed to municipalities in the Swedish public sector. More precisely, municipalities located in the south region of Stockholm, Sweden, whom are active in Network Södertörn.

The public sector is an arena of less competitive nature compared to the private sector, which consequently constitutes the prerequisites that allows the benchmarking process to be utilized thoroughly. The comprising municipalities are therefore interesting subjects to study in relation to benchmarking and KPIs. Further, potential opportunities are prevailing for municipalities in the public sector to enhance operations in order to enable further effectiveness in their production of social good. Accordingly, by having a clearly stated picture of what to be studied as well as how and where it should be carried out, the structure of the study itself can be chartered in a manner that could promote its results.

2. Literature Review

This chapter is divided into two parts, previous research and a theoretical framework. The previous research gives the reader fundamentals regarding relevant areas further developed in the theoretical framework. The chapter is initiated with New Public Management, and further addresses benchmarking and key performance indicators. The theoretical framework presents benchmarking theories, and criticism against it. The literature is finalized with a presentation of an analytical model, which provides a base for analysis of the empirical data.

2.1 Previous Research

2.1.1 New Public Management

NPM is characterized by a number of ideas originating from the private sector and their managing of organizations. NPM tend to be goal oriented and focuses on achieving different objectives (Almqvist, 2006). Performance is on the forefront (Kouzmin *et al*, 1999), and changes like NPM are usually reforms with objectives to change society. These reforms was partly introduced to make leadership more efficient and optimal, and it was argued that "the more management, the better" (Almqvist, 2006, p. 15). Dunleavy *et al.* (2006) argues that some organizations that adopted parts of NPM might be overly optimistic, and are using the tools in hope of being able to banish bureaucracy. It is further argued that ideas behind NPM are not applicable in all settings, and that some organizations might find it difficult to benefit from the usage (Dunleavy *et al*, 2006). It is assumed that private sector organizations have profit requirements, further making benchmarking a suitable tool. However in public sector organizations, due to social and political pressure, this might not be the case (Kouzmin *et al*, 1999).

Organizations intended to achieve results from NPM by implementing the different theories and ideas into their organizations, in order to change the practical work undertaken. Managing of organizations has during this reform developed to focus more towards aspects that cannot be seen directly, and more emphasis is aimed towards non-financial measures and performance management (Almqvist, 2006). The attention towards these branches of performance measurements is one of the more lasting aspects of NPM (Siverbo and Johansson, 2006), as a major concern that arose in organizations at this point of time was how they would be able to

continuously improve their performances, in order to increase efficiency³ and effectiveness⁴ (Andersen *et al*, 2006).

2.1.2 Benchmarking

A major trend that developed within NPM aimed focus on creating measurements systems that enabled comparisons of different organizations same activities (Kouzman *et al*, 1999). The term benchmarking emerged during the 1980s, and the concept was then mostly used in the private sector (Andersen *et al*, 2006). Benchmarking has now grown to become a broader process, where for example organizations come together in different groups or sub-units (Kouzman *et al*, 1999), attempting to help and learn from each other by comparing key indicators (Ax *et al*, 2009; Drury, 2008; Kouzman *et al*, 1999). Benchmarking is considered as a core component within NPM (Grace and Fenna, 2013), and can according to Camp (1989) be defined as, "the continuous process of measuring products, services, and practices against the toughest competitors or those companies recognized as industry leaders" (Andersen *et al*, 2006, p. 726; Kouzman *et al*, 1999, p. 123). Benchmarking can be used for many different purposes, where improvement is considered to be the main objective. This is often organizations primary focus (Andersen *et al*, 2006), where they attempt to identify superior performance among other organizations (Kouzman *et al*, 1999).

By identifying organizations considered representing "world-class best practice", organizations can compare their own operations against these, in order to find aspects to improve (Drury, 2008, p. 554), and sources of inspiration (Ax *et al*, 2009). These should further work as a foundation in the creation of suitable actions to receive continuous enhancements (Kouzman *et al*, 1999; Andersen *et al*, 2006; Drury, 2008). This can also stimulate poorly performing organizations and make them more efficient and effective (Tillema, 2007). In terms, benchmarking "improves performance through observing and analyzing what is already working well for others" (Gable *et al*, 1993, p. 52), and the main thought is that other organizations possess greater knowledge regarding certain areas, which are beneficial to utilize (Ax *et al*, 2009). A successful

³ Efficiency can be stated as "... the relation between output and input" (Bruggeman, 2004, p. 159), thus mainly expressed in quantities (Ax *et al*, 2009).

⁴ Effectiveness can denote how well an organization conducts its operations (Ax *et al*, 2009), i.e. "effectiveness expresses the extent to which the realized output is aligned with the goals and strategies to be realized" (Bruggeman, 2004, p. 159).

benchmarking can be cost beneficial, since resources can be saved by avoiding mistakes other organization already been subjected to. The process can further be seen as an ideal way to advance and reach high standards (Drury, 2008).

The important thing to determine for organizations during benchmarking is not *how much* other organizations are doing better, rather *how* they manage to do things better (Kouzmin *et al.*, 1999). In order to achieve efficient benchmarking, it is of importance that the right indicators are chosen for measurement (Peters, 1995; Kouzmin *et al.*, 1999; Delbridge *et al.*, 1995). This combined with that the subsequent analysis is conducted thoroughly in order to reach change, which often demands a certain degree of knowledge and experience (Peters, 1995). Gable *et al.* (1993) stresses that decisions within benchmarking cannot be made without first having executed an extensive analysis. As argued by Catasús *et al.* (2008), organizations need to deliver reasonable and competent explanations regarding why KPIs are changing, and organizations are further unlikely to reach change before this is completed. As further argued by Francheshini *et al.* (2007, p. 9), “a strategy without indicators is useless, indicators without a strategy are meaningless”. The stage of analysis is usually where organizations tend to falter and fail (Peters, 1995). Peters (1995) stresses the importance of a thoroughly communication in order to get everyone involved, since change is more easily established when awareness for the reasons exists. Peters (1995, p. 153) further argues that the “crowning achievement” is first reached when actions of change are implemented.

2.1.3 Benchmarking in the Public Sector

The Swedish public sector directs more attention towards performance measurements, which is of increasing popularity (Siverbo and Johansson, 2006), and managers are under continual stress to enhance performances (Holloway *et al.*, 1999). Simultaneously with the NPM development, benchmarking has received an enhanced establishment, and gained a central role in the process of improving organizations by identifying performance gaps in operations of the public sector (Tillema, 2007). Governments vigorously stress the use of this process, and that it further should be used across all entities of the public sector (Holloway *et al.*, 1999). The strategic environment and choices surrounding organizations in the public sector are very different from the environment in the private sector, and are further confronted with a unique set of operational

concerns (Dorsch and Yasin, 1998). However, the reason for using benchmarking in the public sector can be directly transmitted from private sector objectives (Dorsch and Yasin, 1998; Andersen *et al*, 2006), where one seeks to learn from others to reach improvement (Andersen *et al*, 2006).

2.1.3.1 Substitute for Market Forces

In contrast to the application of private sector benchmarking techniques, public sector benchmarking has been referred to as a substitute to existing market forces (Helden and Tillema, 2005). That is,

Whereas private sector organizations experience economic pressure to improve if their performance is poor and customers are switching to competing suppliers, public sector organizations are assumed to experience institutional pressure to improve if they've poor benchmarking scores.

(Tillema, 2010, p. 69)

Market forces comprise the leeway for consumers to switch from one supplier to another, a phenomenon that does not prevail in the public sector, since many public sector organizations are constituted as “territorial monopolies” (Helden and Tillema, 2005, p. 340). This absence of consumer choice generates risks of causing a negative performance gap, since there are no direct threats of public sector organizations existence (Helden and Tillema, 2005). Further, implying that organizational efficiency might be of secondary consideration, and causing the organizations structure to differ from the private sector (Bogt, 2003).

Correlating with the economic perception of benchmarking (which presumes that all organizations exposed to competition will exert proactive activities to improve performance) this indicates a certain absence of existing performance improvements incentives (Helden and Tillema, 2005). As argued by Bowerman and Ball (2000), negative gaps can in the long run be threatening to public organizations survival, and it is therefore important to derive the right amount of attention and recognition to economic aspects within the public sector (Bogt, 2003).

2.1.3.2 Reasons for Implementation

In the context of benchmarking it is argued that:

Benchmarking is important to public sector organizations for a variety of reasons: it works; recognition is likely to follow; other organizations have already started; building on the work of others makes sense; you cannot afford not to; it leads to co-operation, and taxpayers are viewed as customers.

(Magd and Curry, 2003, p. 273)

However, Bowerman *et al.* (2002) expresses concerns that exist regarding the “understanding of the real nature of benchmarking” implementations in the public sector (Bowerman *et al.*, 2002, p. 430). A prevalent tendency identified when it comes to implementation of benchmarking is that it involves objectives regarding the use of obtained data, deviant from what is stated in the benchmarking theory (Bowerman and Ball, 2000). Hence, it is argued that these objectives could constitute a barrier to the use of benchmarking for performance improvements, since focus lies in producing comparative data that can be used to defend and justify current performance (Tillema, 2007). As further argued, also to obtain an increased accountability regarding the use of resources and to demonstrate that the performance of the organization compares well, counter to alternative service providers. Therefore, the aim to attain an acceptable performance level is the prevailing case of public sector benchmarking rather than best practice (Tillema, 2007).

2.1.4 Key Performance Indicators

Benchmarking in business processes laid the foundation for KPIs, which concept involves assessing aspects of organizational performance and making comparisons with the best subject in that area (Haponava and Al-Jibouri, 2012). KPIs can be defined as “a summarizing numeric value that aims to describe some circumstances, real or unreal, true or untrue” (Catasús *et al.*, 2008, p. 16). Their mission can be recognized as to quantitatively gauge performance with regards to goal and expectations, and KPIs can be both financial and non-financial (Sanchez and Robert, 2010). It is further important that KPIs possess the ability to be compared over time to identify trends. They become valuable, since they can enhance communication regarding what is going on within an organization (Catasús *et al.*, 2008), although it is of importance to recollect

that KPIs has certain duration and demands to be frequently assessed (Sanchez and Robert, 2010).

In the private sector, market shares and profits, can provide an indication of how organizations are succeeding on efficient markets. However, the public sector cannot obtain such forecasts, further raising the need and importance of KPIs. The role of KPIs in the public sector are to present a clear picture of goals, the situation, and outcomes, both for operations and the economy (Norrlid and Törnvall, 2007), and further too serve as support for analysis (Lundberg Uudelepp *et al*, 2013). This can enhance managers and councilors foundation for decision-making, and for politicians operations it can be elucidated (Norrlid and Törnvall, 2007).

Organizations may select too many KPIs where the main purpose has not been clearly defined. This can result in ignorance once calculated, further decreasing potential impact. Organizations might find it difficult to construct appropriate measures and to determine where to address focus, which in turn can result in spending valuable time on unsuitable topics. Lastly, the figures can be misleading if calculated inadequate or incorrect, which can be a result of e.g. carelessness (Catasús *et al*, 2008).

2.2 Theoretical Framework

2.2.1 Benchmarking in Four Steps

According to Peters (1995) benchmarking is performed in four steps, which are; identify, analyze, plan, and implement and evaluate (see Figure 1). The identification step focuses on making benchmarking an integrated part of the corporate culture (Peters, 1995). In order to achieve results from the benchmarking process it has to be a recurrent process conducted regularly (Peters, 1995; Kouzmin *et al*, 1999). The next step is about analyzing, with the objective to define areas that need to improve. After finding these areas the organization moves to the planning step, where best practices should be identified, in order to create a base for comparison. After comparisons has been made this should lead to particular actions that should be carried out in the implementation and evaluation step. Benchmarking is more than collecting data, and the most important work starts after the three first steps has been completed. When the

organization has obtained the data, they need to use the results to achieve changes within the organization, and in that way complete the cycle (Peters, 1995).

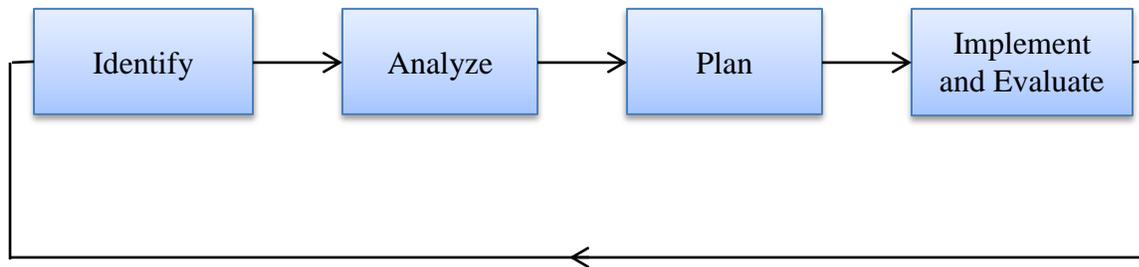


Figure 1. Four Steps in the Benchmarking Process (Peters, 1995, p. 24)

2.2.2 Benchmarking in Three Categories

Benchmarking can also be divided into different categories; strategical benchmarking, process oriented benchmarking, and statistical benchmarking (result oriented benchmarking) as presented in Figure 2 (Peters, 1995).

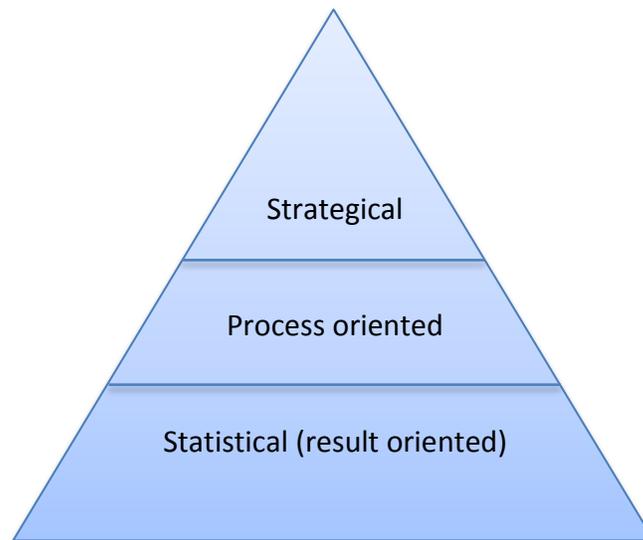


Figure 2. Three Levels of Benchmarking (Peters, 1995, p. 27)

The strategic benchmarking fulfills its aim by evaluating organizations strategical purpose and orientation, which mainly is done by analyzing organizations culture, employees, and existing competence. The process oriented benchmarking is directed against organizations operational methods and principles. Analyzes are carried out regarding organizations operations and business

processes, respectively the management (Peters, 1995). In this category, organizations seek to establish how other organizations do things compared to them (Northcott and Llewellyn, 2003).

The third category, the result oriented benchmarking, directs attention at creating performance measures, which functions as a base for comparison of produced figures. Organizations usually invest a significant amount of resources and money in attaining data, but the figures themselves give limited information about what the organization actually need to change in order to improve. It is very important for organizations to know and understand on which of these levels they are working, to be able to make efficient and correct business decisions (Peters, 1995).

2.2.2.1 Result- and Process Oriented Benchmarking

Result oriented benchmarking (performance evaluations) taking place in Swedish municipalities are often performed between entities, and involve comparisons of existing differences (Siverbo and Johansson, 2006). This process is external, and comparisons are made with organizations in the same sector (Northcott and Llewellyn, 2003), and of similar kind, in order to reduce uncertainties regarding quality, productivity and efficiency (Siverbo and Johansson, 2006). It can further be described as "how other peoples outputs compare with ours" (Northcott and Llewellyn, 2003, p. 52). The measures used can be divided into different categories (Siverbo, 2007), and each of these categories aims their focus on specific parts of the organization (Ramberg, 1997).

Comparisons of this kind is not to be classified directly as benchmarking, since it is not followed by a process evaluation, where organizations seek to identify reasons for potential divergences (Siverbo and Johansson, 2006). In order to improve performance the external result oriented benchmarking need to be followed through and complemented with the process oriented benchmarking, which in its kind is internal. This is made in order for organizations to understand the processes and how they can change them (Northcott and Llewellyn, 2003). For benchmarking of KPIs to be useful in the managing of organizations, it is important that a general understanding of the process is established (SOU, 2005:110). The employees must understand the outcomes of the process, and actions that potentially need to be implemented in order to reach organizational changes (Kouzman *et al*, 1999). In that way, the opportunities for

analyzing the organization provided by the KPIs can be used by everyone in a managing position (SOU, 2005:110).

2.2.3 Economic and Institutional Benchmarking Theories

To maintain support from stakeholders, a prevalent feature in the economic theory, public sector organizations must in the short run provide satisfactory levels of performance. In addition to this, the influence of higher authorities creates an institutional restriction on the establishment of performance gaps. Hence, constituting pressure of performance, in the long run, in the stance of possessing authority and power to contract out failing entities or place ailing performing organizations under supervision (Bowerman and Ball, 2000). Higher authorities have opportunities to decide on public organizations future position. Therefore public sector organizations must achieve a minimum level effectiveness and efficiency to survive. This further implies that economic arguments, as well as institutional aspects need to be considered within public sector benchmarking (Helden and Tillema, 2005).

In that regard, as argued by Helden and Tillema (2005), institutional theory provides insights to public organizations regarding the relation of certain decisions and elements in the performance of benchmarking, which broadens the scope of benchmarking theory in the public sector. It further becomes important to distinguish between two kinds of decisions, 1) decision to engage in benchmarking projects, and 2) decision to use benchmarking information to produce outcomes. Institutional reasoning can be used to determine in which institutional setting public organization are willing to engage in benchmarking, and further use the information to improve performance (Helden and Tillema, 2005).

The economic and institutional theory simultaneously stimulates poorly performing organizations to operate more efficient and effective. These further exploit the composition of the general process of benchmarking in public sector organizations (Helden and Tillema, 2005). See Figure 3, in which the economic and institutional benchmarking theories are compiled to further explain their relationship.

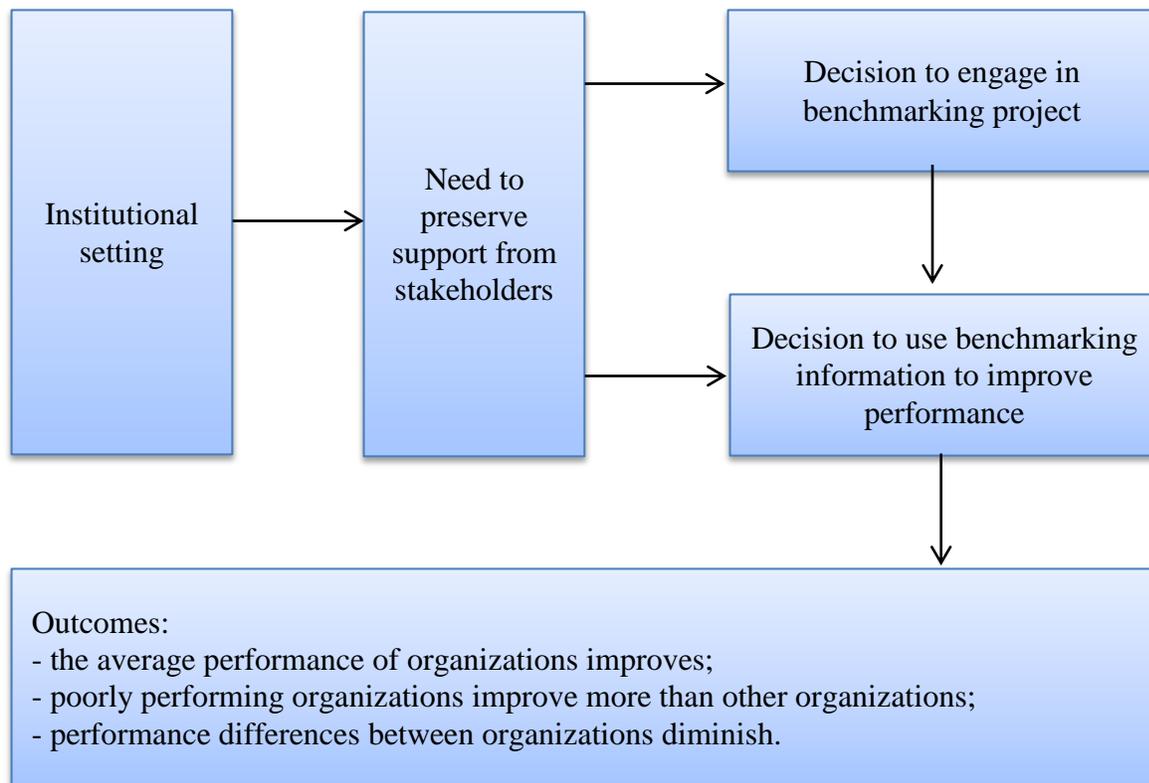


Figure 3. Framework Combining the Economic and Institutional Benchmarking Theories within the Public Sector (Helden and Tillema, 2005, p. 342)

2.2.4 Criticism against the Benchmarking Theories

Gable *et al.* (1993) argues for the disadvantages related to using benchmarking. Organizations adapting others' decisions and processes might lose their creativeness and find themselves impeded. This further nourishes organizations to become very similar, which necessarily not is optimal. Gable *et al.* (1993) further argues for the risk of non-actions, meaning that the organization that is used for comparison might be at an equal level, and therefore no actions are implemented to change the situation. However, this level can be an indicator that they both are performing badly. This could mislead organizations and stop them from taking action. The fact that organization has no guarantee that they have selected the right benchmark further creates a risk of basing decision upon inappropriate foundations (Gable *et al.*, 1993).

Ax *et al.* (2009) argues that identified processes in other organization can be difficult to transfer to other organizations operations, and some are further, at some points, reluctant to accept others solutions. Although the process of benchmarking can, if used correct, reduce costs, it might also need significant investments of resources in order to be able to carry the entire process (Ax *et al.*, 2009).

2.3 Conclusions and Analytical Model

It is obvious that the public sector have received increased pressure regarding becoming more effective and efficient without decreasing quality, which is further reflected in the new management methods that has been applied and spread throughout the sector. The presented benchmarking theories are different in their kind, and each address the benchmarking process in diverse manners, and further state what is needed from organizations in order to succeed. These theories are constructed in multiple steps and processes, that each needs to be recognized in order to achieve valuable results.

The first theory discussed the benchmarking process in four steps that organizations pass through during benchmarking. The second theory described the same process in different categories, where two of them are of more relevance for this study's purpose. The last theory presented a benchmarking model aimed towards the public sector, and discussed different steps that organizations reach depending on decisions made. It further addressed the potential benefits if the organization decides to use information that has been attained. A combination of these three theories creates a more comprehensive model, where a number of steps on different organizational levels are integrated, to receive a more coherent description of the benchmarking process. Figure 4 outlines the different steps in the analytical model, and a short description is further presented in Appendix II.

The present chapter has presented relevant previous research and theories in line with NPM and benchmarking; both benchmarking in its general manner (see in particular Peters, 1995), but also aimed towards the public sector (see Helden and Tillema, 2005). NPM provides a base for the changes within the public sector, and further why these methods might not always work as well as in the private sector. The theories presented become relevant since they provide a contribution

regarding important aspects to consider during a benchmarking process.

The analytical model will be used in Chapter 5, as a tool in order to analyze and evaluate the empirical results attained in relation to stated theories and previous research, i.e. how municipalities manage to fulfill the different steps of the benchmarking process. This can provide insights regarding if an enhanced degree of organizational efficiency and effectiveness potentially can be achieved.

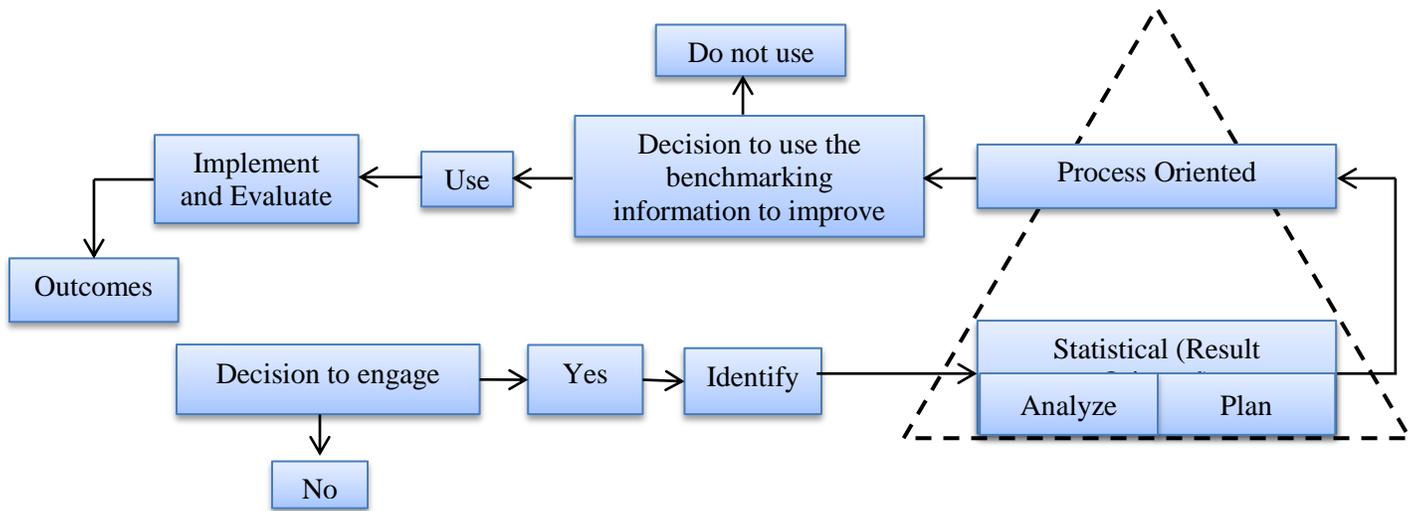


Figure 4. Analytical Model in Benchmarking

3. Method

This section entails a meticulously description of the scientific theoretical approach and its components applicable for this study, and is thereafter followed by the allotted research method and its design. The section is further enclosed with a briefing comprised of criticism of the sources, as well as research ethics, which is of paramount importance.

3.1 Qualitative Scientific Theoretical Approach

This study was conducted using a qualitative scientific theoretical approach, since it was most eligible with regards to the aim and data accumulation. The aim was to receive an in-depth understanding of the benchmarking process in the public sector, and qualitative interviewing can provide insights regarding existing complexity. The qualitative approach perceives the world as a social construction that is constantly shifting (Bryman and Bell, 2011). To generate the empirical data, two research methods were conducted. Primary data⁵ was obtained through interviews, and secondary data⁶ was acquired from document analysis. The document analysis complemented the primary data, and it was a recurrent aspect in the interviews, relevant for the obtained result.

Through an examination of how the active participants in Network Södertörn interpret their world, it is possible to attain a clearer understanding of the social world that they are part of. This concept is known as interpretivism, which is an epistemological position in qualitative research (Bryman and Bell, 2011). When ontological considerations are regarded, a position referred to as constructionism is acknowledged. This states that social characteristics results from interactions between individuals, as opposed to be regarded as a "phenomena 'out there'" (Bryman and Bell, 2011, p. 386), which indicates that the respondents can be seen as individuals who partially constructs the social world.

The empirical results presented from the interviews are based on the respondents' perceptions of the network, and these arguments serve as a base for interpretations. By conducting interviews the ability to gain insights regarding the functioning of the work prevails, and deeper knowledge can be established regarding how individuals act within this context. Thus, drawing on a

⁵ Primary data can be described as using data produced by the researchers themselves (Bryman and Bell, 2011).

⁶ Secondary data can be described as using data produced by someone else (Bryman and Bell, 2011).

hermeneutics approach regarding making interpretations of human actions (Bryman and Bell, 2011).

3.2 Research Methodology

3.2.1 Case Study - Network Södertörn

Contemplating the stated aim of the study, Network Södertörn constituted a suitable subject to scrutinize. The network has been a recurrent project for many years, and can in this study be regarded as a solely organization, with a structure and purpose of its own. This made it appropriate to use a qualitative case study, which commonly is associated with a geographical location or a bounded organization (Bryman and Bell, 2011). Case studies tend to make thorough assessments of its complexity and settings, which is in line with this study. This study can further be viewed from an instrumental perspective, meaning that focus is aimed on “understanding a broader issue...” (Bryman and Bell, 2011, p. 61).

The general theory of benchmarking will be used, which can describe the case in question. During the study both the empirical findings, as well as the presented theory, has been altered and refined. As stated, the empirical findings made from conducted interviews have been complemented with a document analysis. This indicates an abductive research approach, which includes inductive and deductive aspects, but also addresses additional elements, e.g. understanding (Alvesson and Sköldberg, 2008). Furthermore, internal validity is argued to prevail when theories are in congruence with the findings (Bryman and Bell, 2011), which this strongly indicates. This also draws towards hermeneutics, which “wants to understand and not just comprehend” (Thurén, 2007, p. 103).

3.2.2 Semi-Structured Interviews

A number of 14 interviews were carried out, with 15 respondents. Interviews were conducted with each municipality within the network to receive a comprehensive view where multiple considerations had been acknowledged. The network was approached from two different perspectives to receive insights from different levels. Seven interviews were carried out with CFOs, and seven interviews with officials (see Table 1). For a further presentation of the respondents see Appendix III. After conducted 14 interviews the empirical findings where

perceived to be saturated. Further, indicating that the information presented, were not of new or relevant kind (Bryman, 2002).

	Interviews	Respondents	
	Total	CFOs	Officials
Botkyrka	2	1	1
Haninge	2	1	1
Huddinge	2	1	1
Nynäshamn	2	1	2
Salem	2	1	1
Södertälje	2	1	1
Tyresö	2	1	1

Table 1. Distribution of the Semi-Structured Interviews

The interviews conducted were of semi-structured nature, and a general interview guide, containing three themes with a few main questions in each theme, was used (see Appendix IV). An interview guide is essential to retrieve adequate information for analysis. However, when attempting to reach in-depth insights regarding the unknown it should be general (Gerson and Horowitz, 2002). This approach gives the interviewees ability to reply with large wiggle room, and questions that arise from those answers can be asked directly, implying a flexible process (Bryman and Bell, 2011). This enabled the possibility to discuss additional areas not addressed in the guide, further making each interview different in their kind. However, since they all emanated from the same interview guide this provided the ability to compare them against each other for analyzing.

3.2.3 Sampling

Strategic choices should be made regarding the selection of respondents (Bryman, 2002), since it is argued to be decisive for the obtained result (Gerson and Horowitz, 2002). Therefore a strategic sampling strategy was adopted, where respondents with relation to the network where

contacted. Contact details to the officials were attained from the networks webpage, and for the CFOs through each municipality's website. Although the majority respondents were selected through strategic sampling, two were selected using snowball sampling. These respondents were obtained by asking two interviewees about the knowledge of any additional prospective participants appropriate for the study. These subjects were presumed to be entitled, since they possessed desirable competence and thus, could generate in-depth analysis.

The first interview was conducted with two respondents, where a better understanding of the network was established. This further provided insights regarding the networks structure and responsibilities, which paved the way for the choice of interviewing multiple levels of participants, i.e. CFOs and officials.

3.2.4 Interviewing, Transcribing and Coding

The remainder interviews were conducted with one respondent at the time, to avoid that respondents influenced each other's answers. The interviews were conducted face-to-face during a three-month period, and they lasted between 30-90 minutes. Thirteen of them took place at the municipalities, and one was conducted in a public place, since the interviewee recently retired. The interviews were conducted in Swedish, and have been translated to English; this includes stated quotes and the interview guide. All interviews were audio-recorded for personal use, with approval from the respondents. For qualitative research this is recommended, since it facilitates taking every aspect of the interview into account, i.e. both what is said and how it is said (Bryman and Bell, 2011). Further, all attention can be directed towards the respondents, and on formulating complementary questions. Throughout the interviews, notes were taken continuously to enhance the understanding of the context.

Transcribing was conducted for the majority of the obtained data, although, focusing on the imperative parts, in relation to the aim. All interviews were listened through multiple times to receive a comprehensive understanding. The material transcribed provided opportunities to review the answers multiple times and enables the ability to conduct adequate interpretations (Bryman and Bell, 2011).

Coding is considered an important tool to interlink findings and organize statements (Miles and Huberman, 1994), and is conducted to categorize similar answers, in order to receive specific concepts to be analyzed (Rubin and Rubin, 1995). After the interviews had been transcribed, the answers received were coded with regards the study's aim and research question. Coding was conducted by reading through the transcripts to get a comprehensive view of the material, and to receive an initial idea regarding important aspects. The stated themes from the interview guide were considered when subcategories were determined. The transcript was further reread; appointing similar answers with a certain color, which further was comprised to three different themes (see Appendix V). These codes further served as a base when conducting the analysis.

3.2.5 Document Analysis

A secondary data collection was conducted by studying a document, to complement the interviews. A recurrent aspect during the interviews was the produced project directive, which the work should emanate from. The document was attained from some CFOs and became relevant to study to gain insights regarding the network, in particular the stated aim and participants' responsibilities. The project directive can, with regard to Bryman and Bell's (2011) description, be classified as an organizational document, which often are valuable in case studies. The document analysis is acknowledged through an approach termed ethnographic content analysis, outlined by Altheide (2006), which includes searching for themes in the documents (Bryman and Bell, 2011). By this position, an assessment of a project directive in the public realm was conducted, where vital features were acknowledged, and used for analysis.

3.3 Criticism

3.3.1 Subjectivity

Qualitative research has tendencies of becoming subjective, where the researchers' considerations and interpretations are too apparent (Bryman and Bell, 2011; Thurén, 2007), or where statements have been adjusted to better suit the topic (Gustafsson *et al*, 2004). The questions asked during the interviews were formulated so they could be answered in broad terms. Hence, avoiding asking leading questions, easily answered by yes or no. Interpretations of the respondents' answers have further been made, which increases the risk of subjectivity, although this was attempted to avoid, and thus striving to increase objectivity.

3.3.2 Generalizability and External Validity

The ability to generalize qualitative research is constrained, i.e. external validity is low. This can be particularly prevalent when using unstructured interviews, because the number of respondents is often few and active within a specific organization (Bryman and Bell, 2011). This study did not attempt to generalize the findings to the population, since the sample was not random, nor large enough. However, the research focused interest in obtaining theoretical generalizations and understanding the complexity of the specific case (i.e. particularization), which, as argued by Bryman and Bell (2011), is common for case studies. Although, transferability, which describes how findings applies to other contexts (Bryman and Bell, 2011) is argued to be higher, since municipalities within the network are of various sizes, ranging from small to large.

3.3.3 Snowball Sampling

Two respondent were selected through snowball sampling, making it important to recognize that the person who recommended them was provided the ability to impact the findings. This, since they could recommend a person who they know agrees with their opinion. Although, both respondents that were appointed where participants with long experience in the network, which could explain why they were recommended, further decreasing the potential negative impact snowball sampling could have had.

3.3.4 Disadvantages regarding Semi-Structured Interviews and Coding

The most evident drawback of semi-structured interviews relates to interpretations. The researchers interpretations might be biased or the respondents' answers might be misunderstood. Interpretations are made when interviewing, coding, analyzing, etcetera, indicating that this could strongly have had an impact on the result. One interview was conducted with two respondents simultaneously, which could have increased the risk of them influencing each other. This was acknowledged, and thereafter the interviews were held separately, indicating that interviewing is a learning technique as argued by Bryman and Bell (2011). A level of saturation was reached when interviews in eight workgroups out of thirteen had been conducted. However, since insights regarding all operational areas were not attained, this could impact the study's result.

As stated earlier, all interviews were recorded. This can make the respondents more concerned regarding how correct they answer questions (Bryman and Bell, 2011), further indicating that the true aspects of certain situations were not articulated. Thus, the interviews allowed scrutinizing the respondents' body language and behavior, which, to some extent, could reduce the concerns.

3.3.5 Secondary Data

The secondary data that has been used relates to articles, books and reports. A critical approach was aimed at all data at selection. Regards were further taken to the production year, to make sure that the information still was applicable. The majority of the data has been distributed by acknowledged publications, which increases the credibility. Secondary data was also used in form of a document produced by Network Södertörn. This document was considered as trustworthy, since the networks participants communicated it. The document was used to reinsure that aspects stated was perceived correctly. Further, benchmarking is an area of extensive research, and it is therefore vital to recognize the risk that all previous data have not been identified, which could have influenced the results.

3.4 Ethical Considerations

Ethical principles were regarded in this study, where an important feature relates to the harm of participants. Multiple codes of conducts exist, one of them, the *AoM Code of Ethical Conduct*, states "it is the responsibility of the researcher to assess carefully the possibility of harm to research participants, and [...] the possibility of harm should be minimized" (Bryman and Bell, 2011, p. 128). In this regard, emphasis was put on maintaining anonymity of the respondents in the main text. Only a few respondents wanted to be anonymous, however, a presentation of all respondents was carried out since it was relevant for aspects in the analysis, of which all approved. The main text, do not present anyone with name or municipality. The municipalities are instead referred to as municipality A-G. This will not impact the results, since it is not relevant who asserted what. However, a separation is made between CFOs and officials whom are operating at different levels and possess diverse responsibilities, which makes it interesting to distinguish their viewpoints.

The researchers adopted an overt role, where the study's aim was communicated before conducting the interviews, giving the respondents a chance to truly understand the intentions. It was further stated that the data obtained and recordings made only was intended for this study. Further, meaning, as argued by Bryman and Bell (2011), that the respondents were informed about the consent and given an active choice whether to participate. This was regarded as important, to reassure the participants a comfortable position, which hopefully entailed them to open up.

4. Empirical Findings

The following chapter will comprise a presentation of the empirical results obtained in the study. The section begins with demonstrating the findings received from the semi-structured interviews with the CFOs and officials from respectively municipality within Network Södertörn. This chapter will then be finalized with a document analysis of the networks project directive.

4.1 Structure and Building Blocks

4.1.1 The Structure and Building Blocks of Network Södertörn

The construction of the network was mainly of equivalent description throughout each municipality, but some differing elements and characteristics could be identified. From the interviews it was acknowledged that the operation of the network could be divided into different instances with specific responsibilities attached (see organizational scheme in Appendix VI).

According to many interviewees, the networks aim is two-folded in terms of being useful to politicians and higher authorities within each municipality, as well as for officials (more precisely the workgroups). One interviewee described the purpose being constituted of conducting analysis and producing bases for decisions (showing how one municipality stand in relation to others) for politicians, senior management, and the City Council. Thus, on an official level, the aim is to obtain collaboration, exchange knowledge, draw lessons from others, and to attain statistics for analysis. Another respondent also stated that the aim is to identify abnormalities, and in those cases also distinguish the reasons behind them. Contrarily, some interviewees asserted that the aim is not clearly stated anywhere, where one official even said that all they know is that they should make comparisons, but that is it. However, in the project directive the intended aim is stated, which full description can be viewed in 4.4 Document Analysis.

4.1.2 CFOs

One paramount component of the structure consists of the municipalities' respectively CFO, which main responsibility is planning the project, deciding areas to address, and to produce the project directive that contains guidelines, intended purpose, and aim of the network. In one interview, CFOs were referred to as "watchdogs" (CFO, municipality G), since they have an

enforcing role when things not work or proceeds, accordingly. The CFOs should administer the work to be conducted, in which the tasks involved in general are viewed as basic and not comprises too much work or time to be set aside.

The CFOs own attitude towards the network has generally been positive and an understanding of the expectations is prevalent. Thus, some officials have indicated a lack of engagement from the CFOs. One CFO stated that this resulted from that there are many different measuring systems within the municipalities and the related to the network was not of the subject's personal preferences. Moreover, it was not believed that additional time, except time set aside for meetings with the other CFOs (to engage in the data obtained), was required (CFO, Municipality F). This adheres to a central finding noted throughout the interviews, namely that the networks operation is built upon personal engagement and initiatives from participants. Meaning, that potential achievements obtained through the network virtually correlates to individual efforts and actions, which is an important component of the network's construction.

4.1.3 Administrative Management

The interviewees also referred to the role of administrative management, whom also is supposed to engage in the network. However, the degree of the administrative managements' involvement has been of divergent views. In some instances, these individuals contain a similar role as CFOs, in terms of creating a driving force when tasks are not performed. One CFO exemplified this as if the groups did not "behave", in terms of attending meetings etcetera; the administrative chiefs are responsible to report this to the CFOs, in order for them to take actions (CFO, municipality C). Interviewees have also referred to them as a connection between CFOs and the workgroups, representing a core function, and assigning tasks that should be done. Although, in some cases they are basically absent from the network. This can be exemplified from an interview by that "... it is the CFOs that should assign the work, but it is then up to the administrative management to delegate this and then inform the CFOs, who in turn should report this in" (Official, municipality A). However, it is also stated, "... that this list, of the allocated, not always is followed" (Official, municipality A). Thus, this appears to be the predominant case in general.

A few interviewees argued that the network is not the administrative managers' way of managing

their operations and therefore it receives less attention. Thus, when the administrative managers, and other managerial functions, actually engage in something it automatically gains more attention, since it signalizes importance. One respondent further argued; "If the administrative managers weren't participating on the conference day, I would start to question why I am here, and why I am supposed to do this, and what the purpose actually is" (Official, municipality F).

4.1.4 Workgroups

Another instance within the network is the workgroups. These are derived from respectively operational area that is represented, which, according to the interviewees, constitutes a core function that performs the main work. In summary, the workgroups are responsible for compiling data and withdraw information from KPIs mainly obtained from public databases⁷. That will later on comprise the final report, which is published after the conference day (the conference day is further scrutinized in 4.1.6 Conference Day).

The workgroups participants consist of selected officials, who are chosen and asked to participate by recommendations made by the administrative management, based on whom they think is relevant. However, what positions these people possess within each municipality varies, and it was stated that;

In terms of the constellations of the workgroups we have seen that today there are a mixture of the group members, e.g. someone send in an economist and another an administrator. Something that could be seen as beneficial from a certain perspective, however when it comes to aspects of the networking itself, perhaps this phenomena might not be so great.

(CFO, municipality C)⁸

Another aspect acknowledged throughout the interviews were differences regarding the workgroups structure, as well as their engagement. Numerous interviewees stated that most

⁷ For example SCB, SKL, KOLADA etcetera.

⁸ For examples of the varied academic backgrounds see Appendix IV

workgroups operates in different ways. One interviewee working within three workgroups exemplified this as particularly apparent, and further argued that some procedures conducted were considered more successful than others, depending on the operational area. On the contrary, another official participating in another workgroup, affirmed that they have a clear internal structure, where everyone understands what they are expected to do and why. In this matter it was stated that;

We have also heard that the groups are very different in terms of how they work, and there has been an suggestion that one should look into this, to see if they are effective in their operation or if one could somehow enable it to be more effective, in order to make the work tasks to not feel so burdensome, when taking out the information.

(CFO, municipality C)

4.1.5 Project Directive

As stated, the project directive is developed and designed by the CFOs. This document includes main objectives of the undertaken work, as well as directives regarding how this should be conducted, and further what is expected from the participants (see 4.4 Document Analysis). The interviews stated that the project directive basically has remained the same over the years. Thus, more emphasize nowadays are that the groups should try to attain as much data as possible from national databases, in order to focus more time on analyzing the data and identifying explanatory factors. Something that has been acknowledged to, more or less, worked quite well.

Various opinions have been expressed regarding the project directive. The interviews have shown that both officials and administrative management not always possess knowledge about its existence, much less align their operational work to its comprising dictates. This indicates inconsistencies between the CFOs initial plan for the network in theory, and how it is transferred into practice. One interviewee claimed that the only directives given are “You should produce a report, end of story” (Official, municipality D). Onwards, another official stated that “The project directive is important, and if you have it you should follow it, it makes it easier for everyone. Further, that everyone knows their role in this, because it has been a disaster” (Official, municipality F). This implies that the project directive is not always that obvious

among officials and that it is vital to make it a more central element.

However, one official argued that since the network has existed and been active for a long time, most people know the assignments; “The continuity of its participants is perhaps not that good, people are often replaced, but I still think the network is so established that everyone knows what they should produce, and so on” (Official, municipality B). Further, one CFO expressively considered the project directive as good, and that it entails dictates for the entire network that explicates its ambitions and overall objective. However, it was recognized that nothing expresses how the workgroups should work, which correlates to acknowledgements made by officials. For example, an official stated that “Well it rarely tells us if we should do some sort of niche or similar in our work, it is more basic and states the fundamental aspects” (Official, municipality G). One suggestion acknowledged during the interviews was to attempt to standardize the reports by setting its headlines, and by that forcing the workgroups to address certain aspects (CFO, municipality C). Further, when asking one CFO whether the construction of the network entails a clear structure (i.e. if everyone is aware of which tasks that should be carried out), it was stated, “I do not know, but I would not think so, it would surprise me if it did exist” (CFO, municipality E).

4.1.6 Conference Day

The work sums up to a conference day, where good examples, of both positive and negative nature, are presented. Only a few workgroups are selected to present (those who can contribute the most) due to time restrictions. The conference day provides opportunities to meet, i.e. the City Council, CFOs, administrative managers, officials and politicians, to further discuss potential issues. A lot of politicians do attend the conference, and it is expressed that “politicians and the City Council should be present at the day and listen to the presentations” (Official, municipality A). Some respondents argue that they really absorb the information presented, although another interviewee questions “Why are not more politicians attending the day, since it is so important that we work with this?” (Official, municipality E).

4.1.7 Development Over Time

When the network started it was a clear focus on financial indicators. One interviewee described how their financial manager came and said, “Tomorrow we have to submit our accounting summary, so take out some reports and enter some numbers so that we can submit it” (Official, municipality A). The current situation is rather different, and the workgroups are careful with how numbers are selected and reported, mainly using public databases. As the work progressed focus has also been directed more towards quality indicators, since economic indicators do not provide considerable insight regarding each area. The workgroups have also realized that they need to study the same KPIs over several years, in order to discover trends and developments over time. This also facilitates the statistical preparation, which could enable more time for analysis.

4.1.8 Target Group

The majority of the respondents expressed that the networks main target audience are politicians. Many politicians are participating on the conference day and can, through the cooperation, attain an overview of how services and costs evolve over time, which in turn can guide priorities. Some respondents also believed that the work is important for senior management within the municipalities and officials, in order to acknowledge what results different operational areas have achieved and how. However, several officials claimed that they often already know what the reports will encompass, and that they obtain more utility from the relation created between participating municipalities. Some group members alleged that the work is really about preparing material, in order to provide bases for decision-making.

4.1.9 Key Performance Indicators and Data Collection

The workgroups determines and selects their KPIs, by meeting and viewing at the current and prior year’s situation, and further what is of importance the upcoming years. The KPIs chosen are often similar to earlier selections, and overall the workgroups try to preserve the reports composition. Sometimes the CFOs have suggestions and recommendations regarding which KPIs to include, but essentially they only decide the orientations, i.e. the areas to include. In rare cases, politicians suggest indicators they consider relevant for the workgroups to produce.

The usage of public databases to collect KPIs differs between the workgroups. The majority is using public databases where figures are easily retrieved, but some want to produce KPIs that measure specific aspects interesting to them. One interviewee stated "I am in favor of using public KPIs because you get so much back, it is not easy to compare ourselves with each other because we are so different, but it is precisely then that we can assure our quality" (Official, municipality F). This further enables the analyzing part of the process.

The majority of the respondents consider the number of indicators to be redundant, and that the work often loses its purpose. Further resulting in assignments where the participants' experience that they only measure for the measuring sake, combined with that the reliability sometimes feels low. One group member argues, "it is a measure to measure sort of task, it is important to measure [...] so okay, I guess we will measure then" (Official, municipality E). Many experience that the number of indicators must be limited, to further improve clarity and structure. One CFO argued that the KPIs need to have objectives attached, in order to actually measure aspects that provides valuable reflections, which is something that need further development. He further stated that, "if you don't measure, you don't know things, it is like playing a soccer game, it always becomes more interesting if we count the goals" (CFO, municipality E).

Currently, KPIs do not provide much of a base for decision-making. However, some believe that policymakers historically have glanced at these results to find support for priorities and to further allocate resources. The majority, however, argues that most decisions are made without considering the KPIs. Many believe that KPIs could be more centralized if they received more attention, but this is difficult since many other things also impacts.

4.2 Intermediation of Information

The communication that occurs is carried out on numerous levels (see Table 2). However, it can be generally concluded for the networks operations that it is lacking on all levels (particularly in area 1). The communication which seems to be most critical for the cooperation is the communication of the project directive, and between and within municipalities.

1. Communication within the municipalities:

Of the project directive and the workgroups tasks, between managers and towards the different operational areas and their respectively workgroups, in order to construct the networks operation

2. Communication between the municipalities:

In order to utilize the attained and compiled data as well as presented best practice examples networks operation

3. Communication towards the politicians:

In terms of, constructing a reporting function of which each municipal presents their performance level networks operation

Table 2. Different Levels of Communication

Concerning the project directive, some municipalities communicate it more frequently, while some hardly are aware of its existence. Some CFOs distribute the directive to the convener for each workgroup, but this is not made consistently from all parts. It is stated that, "It is intended, but we find that it falters sometimes" (CFO, municipality D). It is further requested that the project directive would be communicated more, since it otherwise cannot be followed, and in terms loses its purpose. One CFO stressed that it is not enough to just write it and expect everyone to understand its meaning, rather it need to be further deliberated. One official argued that it is so many different levels that need to function and that there is a need to receive extensive information in order to reach valuable results.

The respondents experience that other municipalities are open with sharing information, and a willingness to contact others in order to exchange information is prevalent. One respondent labels it "stolen with pride" (CFO, municipality B); meaning that municipalities should use what has already been invented. The project directive states that the municipalities should take advantage of good examples presented, which further is expressed as being "the point of it" (Official, municipality F). An official argues that "they often feel very alone", and therefore many of them appreciate the occasions to interact with other municipalities (Official, municipality C). These opportunities are created through the network, and participants are given a chance to expand their field of contacts.

4.3 Evaluation and Implementation

4.3.1 Utility and Value

All respondents were polled if they perceive that the benefits of the cooperation correspond to the time dedicated to it, where the answers received were scattered. Some believed that politicians and higher authorities consider the benefits to correspond to the work amount invested. Thus, other argued that due to the amount of work enjoined to attain the data, together with the time required for meetings with the workgroups to discuss the material and prepare for the conference, it can be difficult to realize the true advantages. However, a few interviewees pointed out that as a result from the 'ghost-writer' (which many municipalities use today) the benefits start to lay more on the same level as the work rendered.

A regular apprehension is that the greatest value arises during the year within the interactions in the workgroups, where officials receive opportunities to meet with other officials working in the same area. This implies that a substantial part of the usefulness prevails during the cultivation of material up to the conference day. One CFO reasoned that the utility further is impacted by the engagement from the participants. This interviewee also stated that the longer the workgroups have been in operation, the more the engagement increased. This relates to that in the beginning, significant time is directed toward selection of KPIs, and to make sure that you do not compare apples and pears. Although, as further argued, "It is easy to get stuck in a rut [...] it feels like you need to shake it up and make changes" (CFO, municipality D).

However, some interviewees stated that the usefulness varies, due to the municipalities' divergent sizes and preconditions. To make comparisons are valuable because lessons to be learned can be brought to surface, and as emphasized by many respondents, they don't have to reinvent the wheel themselves. The opinions regarding how much attainments the cooperation brings about, are diverse. One interviewee exemplified this as; if a municipality has large deviations, there is often an explanation for this, which is a useful insight. Further one interviewee argued that; "It is first when you do something concrete with the matter that gains can be made. It is vital to do something active and to alter" (Official, municipality B).

It was reasoned if the network has contributed to more effective organizations. Two CFOs stated that this is difficult to pinpoint (but they wish the answer to be yes), since matters always occur and it is rather elusive to distinguish exactly what leaves impacts. In general, the organizations are under pressure from stakeholders to ameliorate, meaning that pressure to streamline partly lies in the economic climate. One official argued that the effectiveness varies depending on operational area, and often "You get fancy reports but they do not contain that much of tributary meaning" (Official, municipality F). Although, it was further argued "it becomes somewhat of a competition, which is good as it stimulates improvements, since nobody wants to end up in the bottom" (CFO, municipality A).

4.3.2 Secondary Analysis

The last part of the benchmarking cycle is something that each municipality is expected to do on own initiatives. The time and effort that actually is being devoted to this varies both between municipalities and respectively operations. It was argued that, "the analysis and practical application of the conclusions that are drawn from these kinds of comparisons are the things that are the most interesting" (CFO, municipality A). Another CFO stated that they sometimes compile the key findings, which the administrative managers thereafter should communicate to their operations. Others stated that certain findings are used in their internal functioning, e.g. in budgetary processes. A CFO vindicated that, although the workgroups and administrative management uses this in their daily running, more could be made of the analysis, considering the time devoted to attaining the material.

A commonplace conception among the CFOs was that analysis taking place after the conference day surely does exist. However, it is argued that "It is little, it is not recognized as official agenda items, it happens, but it is more common that it do not happen [...] in that regard it always feels like it is short of time (CFO, municipality D). Some interviewees argue that this is a question difficult to pinpoint, since the workgroups simply ceases to exist after the conference. Further, a third respondent stated that "we have this as a checklist which we follow; the report is done, we have participated, good, next" (Official, municipality C).

The majority of the interviewees agree that the reasons behind the lacking analysis and evaluation is to a large extent related to time and resources. The time is limited (partly due to that the network is situated outside everyday responsibilities), meaning that the possibilities of going deeper into a manner is absent, resulting in that explanatory factors come secondarily. Some also indicated the benefits of dedicating less time to data acquisition, as well as cutting down on the amount of KPIs, and in that regard enable more time for analyzing and evaluating.

As part of the deficiency of analysis is also the question of involvement and competence regarding engaged individuals, which some interviewees attach importance to. It is argued that, "One can fairly quickly attain the KPIs [...] then it can be difficult to understand, intellectually, what explains the differences (CFO, municipality D). Another interviewee strongly argued that;

It feels like one has decided that it is not possible to analyze because we are so different. But it is possible, you just have to make an effort and grasp what the differences really are about. I also think that one is fairly bad at analyzing, you do not acquire the skills really, and instead you have decided that you cannot do it.

(Official, municipality F)

The same interviewee further stresses the significance of quality assurance of KPIs, something that is first noticed when they sit down and analyze them. Two officials emphasized the significance of always taking a critical approach, and questioning what really is seen, which is essential for the analyzing part.

4.3.3 Change Implementations

Divergent opinions prevailed considering change implementations, where some interviewees claimed that no changes had occurred resulting from the network, whilst others had concrete examples of this. This is further a question of time and resources, as neatly put by one CFO; "The economy always sets the limits" (CFO, municipality C). Change implementations are conducted when examples of best practice are current. Thus, each municipality is solely responsible to make use of these, which includes contacting other municipalities, if needed. One

interviewee also emphasized the importance of having a plan for change implementation, since changes as a goal takes on a long-term perspective.

4.3.4 Deficiencies

The respondents expressed multiple difficulties regarding the undertaken work. The overall identified deficiencies that appear to exist in the network are presented in in Table 3.

Obsolete figures:	Additional tasks:	Meetings:	Replacement of
The presented KPIs are based on last year's figures	Work task outside the ordinary ones	An expressed need for the groups to meet more regularly	Tendencies that personnel are changed frequently
Structure:	Communication:	Diverse	Subsequent
The network lacks an overall clear structure and guidance	The communication is deficient in a numerous of areas	Can result in difficulties when comparing municipalities	The proposed analysis of the KPIs is largely absent
Project Directive:	Commitment:	Pressure from	Awareness:
Overall this is not enforced, nor achieved and awareness is low	Tendencies regarding a lack of commitment and engagement	More incentives from above is required	The awareness of the network of those not directly involved is modest

Table 3. Deficiencies

4.4 Document Analysis of the Project Directive of Network Södertörn

The established project directive describes the structure of the intended work procedure. It is stated that workgroups consisting of officials from different operational areas should produce and interpret KPIs. The undertaken work is to be compiled in a report, and further presented during a conference day. The directive stresses the importance of producing KPIs with high quality and reliability, and that these are adjusted to suit each operational area.

The aim of producing and reporting KPIs is to,

For the City Council, provide an overall picture of partly the service- and cost relationship in comparison with other municipalities within Södertörn, and partly the development over time within the own municipality and its essential operational areas, to provide guidance for priorities, revisions etcetera.

(Södertörnskommunerna, 2013c)

Some other purposes of importance are stated in addition to the main aim, which are presented in Table 4.

Politicians and officials with responsibilities for the different operational levels should analyze and explain (intentional or unintentional) similarities and differences in service- and cost relations within the different operational areas.

Participating officials should provide opportunities for collegiate exchange of experiences regarding implementation within the different operational areas.

Provide attention for enhancements and efficiency improvements that has been achieved by someone of the other participating municipalities, in order to enable an earlier deployment of these solutions, to achieve a more adjusted operational development within the comprising municipalities.

Highlight the usefulness of invested resources.

Table 4. Complementary Aims

The document stresses that the content in large should be based on qualitative KPIs, even though some economic KPIs also must exist. The workgroups should also focus on public statistics from national databases when producing the figures, in order to aim emphasis on analyzing and making conclusions. The workgroups also need to work with quality assurance of the figures. The project directive describes the networks organization, and further which role the different levels possess. These assignments are presented in Appendix VII.

The project directive is finalized with a time schedule, which presents when different tasks should be carried out and completed. This can be viewed below in Table 5 (note that this is the specific time schedule for the work undertaken during the year of 2013).

February	Project Directive is approved by the City Council in all municipalities.
February – March	Administrative managers meet to determine the direction of the work.
Mars – September	KPIs are attained and compiled by the work groups.
29th of August	Examination and analyze of the KPIs, and a reconciliation meeting between administrative managers, conveners and CFOs.
1st of September	The complete report is submitted to the CFOs.
13th of September	Rehearsal for the conference day.
3rd of October	Conference day.

Table 5. Time Schedule for the Undertaken Work

5. Analysis of Empirical Findings

This chapter will discuss and analyze the findings stated in the chapter of empirical results. The presented analytical model will serve as a base to discuss the data obtained, in order to identify underlying conditions of the position of the issue. Italics have highlighted the different steps that constitute the analytical model, to further clarify the accomplishments reached in Network Södertörn.

5.1 Application

The benchmarking process attempts to make organizations maneuver more effectively and efficient (Tillema, 2007). The establishment of the network and its life span denotes that an active *decision to engage*, in a niched benchmarking process with these specific municipalities, has been made. Benchmarking needs to be a recurrent process (Peters, 1995; Kouzmin *et al*, 1999), which applies to network Södertörn since it has been *identified* as an integrated part of the municipalities operations conducted each year. Thus, the interviewees found the question concerning if the cooperation has ensued in more effective organizations hard-hitting to retort, arguing that it is relatively elusive to differentiate exactly which endeavors impact what in their municipalities (i.e. if alternations comes as a result commencing matters from the network or if they are contingent from other things). This implies that the participating municipalities do not seem to become more effective from concurs in the network, of which any palpable *outcomes* can be derived. Thereby, it can be questioned whether the benchmarking process can be regarded as truly performed according to its impositions, or if the factual denotation with benchmarking to some extent is being lost in the process.

5.2 Adjusting the Situation

The *analyzing and planning* steps of the benchmarking process, which focuses on determining areas to compare (Peters, 1995) is thoroughly conducted. The employees within the network have over the years managed to discover certain areas that are not working well, and where difficulties to measure have been identified. Thereof, some areas have been removed and others introduced, further implying that it is importance to consider aspects of uncertainties, of which

might hamper the work. This denotes, a critical approach that could be beneficial to further adopt regarding other aspects in the networks operation, e.g. structure and knowledge.

5.3 Adequate Competence

Drury (2008) contends that organizations can save time and money as a result from avoiding potential mistakes by using benchmarking in a prosperous manner. Regarding network Södertörn, this would constitute of analyzing and making use of the good examples that ascend during the year, as well as on the conference day. In that stance, Peters (1995) emphasizes the requirement of experience and competence in order to implement the *process oriented* part of benchmarking thoroughly, which can be regarded as an interdependent step in the process to generate performance improvements. In relation to the constellation of the workgroups, and their identified mixture of background (i.e. experience and expertise), it can be questioned if this aspect constitutes a potential challenge for the analytical conduction. The analytical process is not an established part, indicating that experience of this within the specific context to some extent is absent. From one viewpoint this could be seen as beneficial, in terms of adding different perspectives when managing how to do things better in the municipality. Thus, when it comes to the question of being able to perform the work within the network this also implicates some drawbacks, since this type of process is not an intrinsic part of their everyday work tasks. This further correlates to the statement made by one official, whom claimed that participants in the workgroups can be somewhat bad at analyzing, because the apposite prerequisites do not always exists.

5.4 Actions in order to Improve

According to the *statistical (result oriented)* step, it is stated that an organization should analyze what aspects that need to be improved, and further look at best practice examples to establish a ground of which the continuous work with ‘secondary’ analysis in the process oriented benchmarking can proceed from (Peters, 1995). However, the operation of Network Södertörn assumes an inverse approach in practice. In this stance, KPIs are chosen based on what is regarded as interesting for the municipalities’ respectively operational areas, as opposed to looking at areas in need of improvements. This indicates some divergent tendencies between

theory and practice, thus questions can be raised whether this can be presumed to be of advantage or disadvantage for the comparisons to be made.

From the interviews it was evident that the data and information that is attained and compiled appears to function as a good assembled presentation of which indicates the municipalities' performance in relation to each other. Hence, this constitutes a reporting function towards its overall target group, politicians, of which the usage of resources and obtained outcomes becomes foreseeable with a relative perspective. Consequently, this has the potential to culminate to an insight of which aspects respectively municipality needs to set the focus on, in order to continue to improve the operational performance and thereof, enhancing the creation of social good. This by constituting the theoretical referred institutional pressure, of which substitutes the absence of existing market forces, as argued by Bowerman and Ball (2000). Moreover, this creates incentives to perform to avoid ending up in the bottom. Thus, this further implies the adoption of taking on an approach of defending and justifying accomplished performance, rather than integrating the benchmarking information by centering a monitoring and analyzing approach of the results, which argued by Tillema (2007) generally is the case. Hence, a phenomenon, that in accordance to the empirical findings, can be identified as a potential drawback in the establishment of the benchmarking process within the network. It is further argued that politicians are in favor of comparisons in terms of receiving updates regarding the municipalities' situations. Although, tendencies of any further usage, in terms of increased demands against the municipalities operation or identify areas and actions for performance improvements, was conspicuously absent.

Thereof, information attained within the network is not utilized to its utmost, which further raises questions regarding its actual purpose. The risk of non-action when working with benchmarking needs to be acknowledged, as argued by Gable *et al.* (1993). This further denotes that organizations tend to resonate that they are performing well if their values prove to be better than those of comparison, although there is no recipe of how good that value actually is. In that way, benchmarking can be somewhat misleading, of which potential tendencies have been recognized in Network Södertörn. They measure and produce a report with all municipalities' figures, although there is less evidence that any further actions actually have been carried out (in order to

improve). Acknowledgments have been made, showing tendencies of each municipality to move closer towards the same level of performance. In that stance, it can be questioned whether its participants regard the currently level of performance as satisfactory, and if that potentially underlies as an influencing factor for the lack of engagement in addressing these figures any further.

5.5 Management and Institutional Pressure

In the planning phase of the analytical model, a base for comparisons should be determined. It is substantial that proper indicators and objects are elected, in order to be able to accomplish efficient benchmarking (Peters, 1995; Kouzmin *et al*, 1999; Delbridge *et al*, 1995). In this regard, a lack of incentives for the work conducted has been noted, of which statements have been made indicating that the officials sometimes measures for the measuring sake. Catasús *et al*. (2008) argues that too many KPIs might be evaluated, which applies with stated arguments regarding Network Södertörn. Thereby, the risk of losing the purpose with KPIs emerges, and excessive time might be spent on issues of less importance. A reduction in the amount of KPIs appears to be much needed. By initializing this, scarce resources of time could be saved and further invested in conducting the analysis in the process oriented benchmarking step.

From the interviews it was evident that the network lacks a consistent structure, of which the operation in respectively workgroup was carried out in an inconsistent manner, this, inter alia, as a result of a somewhat absent overall management force, as well as clear integrated directives. In this stance, it was acknowledged that the achievement made within the network directly correlates with the individual efforts and actions that are made. Hence, basically it is up to the workgroups themselves how they choose to conduct the work and thereof, how thoroughly the benchmarking process is carried out. This further indicates that, in most instances, some of the essential interconnecting steps of the benchmarking process seem to be neglected. Thus, recognizing the statement made by Almquist (2006), arguing that the more management, the better in terms of leadership and obtaining effectiveness, a feature that has shown to be missing in this context.

Furthermore, in order to improve the situation it is argued that more institutional pressure, especially from politicians but also upper management, is needed. Higher forces possess the ability to indicate a higher level of importance regarding the work undertaken, which further could produce incentives to the networks active participants. As stated in SOU (2005:110), it is important that a general understanding of the work is prevalent. In the current situation, politicians do not provide any direct demands regarding how the work should be performed, making it difficult for the participants to assess whether more could have been done. There is a need for politicians to raise the stakes regarding the material presented. In that stance, participant of the network can be provided with insights regarding how the work conducted could be evolved, to for example, include a more in-depth analysis of attained KPIs. This might further be useful information throughout the entire municipality, which in the long run could lead to performance improvements and decreased costs.

5.6 Communication and the Importance of Secondary Analysis

Kouzmin *et al.* (1999) argues that in the course of the benchmarking process, a paramount matter for organizations to assess is ‘how’ they manage to do things better in specific areas, rather than deciding ‘how much’ they are doing better. Thus, putting this in relation to the operation of Network Södertörn, it is evident that the focus primarily lies in knowing how much they are superior over the other municipalities by only acquire the material and thereafter presenting this at the conference day, only followed-up by the published report. This further assumes a need for a secondary analysis performed in each municipal in order to find explanatory factors and possible change measures, i.e. take an active *decision to use the benchmarking information to improve performance*. Hence, something that the empirical findings have pointed out as lacking, which accentuates inconsistencies in the process in terms of enabling advantages of the comparing procedures.

The project directive also states that the workgroups should focus on public databases when collecting and attaining data (KPIs). The underlying reason for advocating the public databases is that the work tasks of gathering data has previously been recognized as too extensive in relation to the generated utility. Thereof, valuable time can be saved and instead be invested in conducting subsequent analysis. This further implies that a step in the right direction, namely

towards enabling the opportunity to conduct the process oriented step of the benchmarking process, is prevalent. Thus, it can be questioned if this is something that have been realized and acknowledged by the participants of the network, and if not, where this saved time actually takes path.

As stated in the benchmarking theory, one of the most vigorous part of the cycle is the process oriented stage, in which organizations should identify and acknowledge why their figures are deviating as opposed to others and further, how these aspects can be addressed in order to improve. Meaning, this is where the municipalities should enable the analysis part of the compiled data. However, this feature that is intended to constitute a fundamental building block has, as stated throughout the empirical findings, been acknowledged as mainly absent. Furthermore, according to Peters (1995) it is this last part of the benchmarking process where organizations usually are apt to abate and fail. In this stance, the requisite and prominence of a well-established and functioning communication within the organization, to be able to engage everyone, is viewed as exceedingly important. The lack of communication has been highly acknowledged by the majority of interviewees, both concerning communication within the network itself, as well as the communication of the project directive. This can largely be related to the fact that the communication within the network is not carried out to the extent that is needed. Peters (1995) stresses the importance of a thoroughly communication within entire organizations. Therefore, it could be of advantage for the groups to get more specified directives from CFOs, i.e. that someone set the scope for the project and the undertaken work.

The project directive should figure as a central element in order to constitute as a coherent base for the work to be conducted within the network. However, as acknowledged in the empirical findings, the lack of communication has resulted in some divergences of awareness regarding its existence, as well as its content. This implies that an imperative fault is prevalent and with this in mind, it is not peculiar that the analysis is usually not carried out thoroughly. It can be questioned how the workgroups are going to be able to discern what is really expected from them if it is not stated within the comprising instances of the network. Consequently, the lack of directives in correlation to a sometimes distance management force accentuates the lack of structure and consistency of the embodiment of the analysis (that is vital in the process in order

to apprehend how to manage things more effectively). This further constitutes a prominent inconsistency underlying the application of the benchmarking process, which forms the foundation for the breached conduction of the last interconnecting steps of the cycle, as illustrated in the analytical model (see Figure 5). In this regard, the operation of the network does not reach the *implement- and evaluate* phase of the benchmarking cycle theoretically, even though new insights and performance improvements do occur occasionally.

5.7 Value Creation

The benchmarking process can be regarded as an investment, requiring both time and resources, of which is argued by Ax *et al.* (2009) as momentous to be able to carry the complete process through. If being used in a proper manner, the benchmarking process can indeed decrease an organization's costs. However, if this is not the case, it can be regarded as rather unnecessary to invest all the resources they currently do in order to perform the first steps (in which they attain and compile a large amount of data). If the obtained data is not analyzed or further used consistently for performance improvements, the benchmarking process does not reach, as argued by Peters (1995), its crowning achievement. Thereof, the question concerning if time and resources are in possession within the municipalities to be able to carry through both the analysis and subsequent identified potential options for change, is vital. These two matters should also be recognized in the initial phase of the analytical model, i.e. if they should engage in the process or not. In this stance, it can further be reasoned if it would not be more beneficial for the municipalities to really look into the benchmarking process itself first (as a theory), and to really comprehend all its components thoroughly. This can be seen as a fundamental thing to do before deciding to carry it through. If it would be apparent that a municipality does not hold, neither the appropriate participant engagement, nor the time and resources required, maybe the most pertinent decision to make is to choose to not engage in the cooperation at all.

However, the operation of Network Södertörn in itself does entail value creation, in that stance that it generates networking between its participants, of which is of paramount appreciation. Therefore it can be acknowledged that even though the network does not conduct the benchmarking process in accordance to theory, it indirectly enables a learning nature and

valuable connectedness between and within the municipalities. Thereof, this might be considered as enough for choosing to continue to engage in the network.

5.8 Fulfillment of the Analytical Model

Figure 5 illustrates to which extent Network Södertörn is conducting the benchmarking process in accordance to the analytical model. As argued, the initial steps are performed thoroughly and the network further manages to achieve these in compliance with the model (see the blue outlines). However, as reaching the step of process oriented benchmarking, the conducted work halts. This in turn, causes the remainder of the steps to be insufficient fulfilled and accomplished, further illustrated by the red outlines.

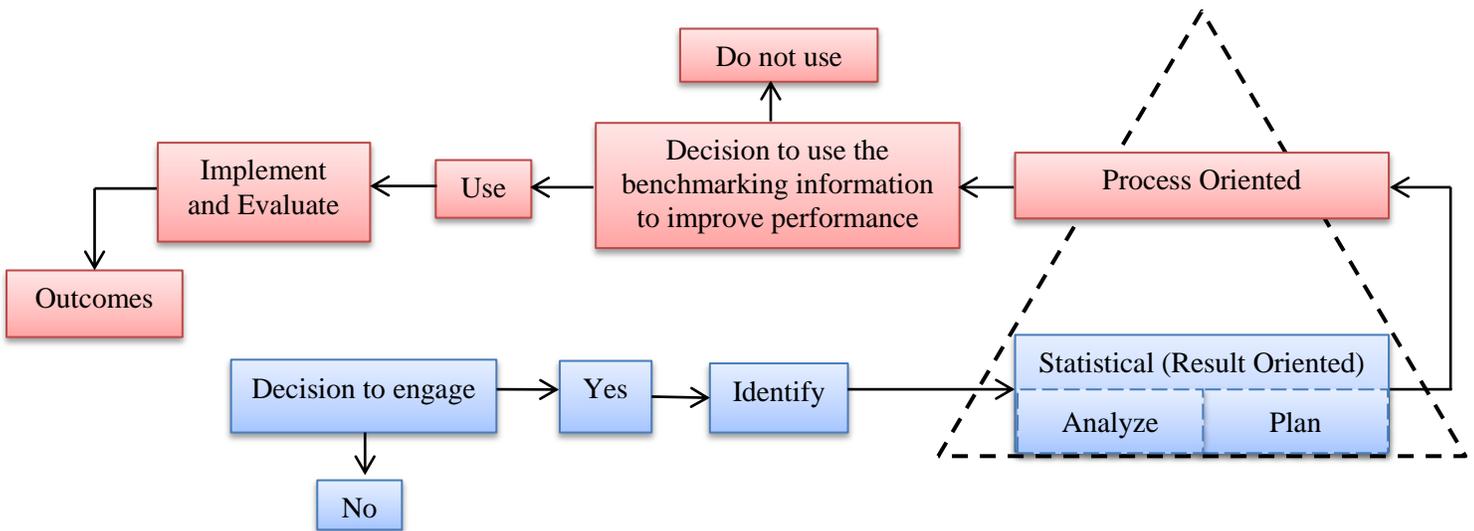


Figure 5. Analytical Model Applied to Network Södertörn

6. Conclusion

This section will conclude the above chapters based on the information retrieved and further suggest areas that have been revealed, thus not directly addressed in this study, but could be of interest for future research.

From the conducted case study, it has been concluded that the completion steps of the benchmarking process are not performed thoroughly. This has been asserted by scrutinizing the empirical findings through an interwoven analytical model, comprising acknowledged theories within the field of benchmarking. Hence, in which several previously established theoretical arguments have found reasonable exemplifications, emerging from the empirical findings.

Accordingly, it has been recognized that the initial steps of benchmarking is performed in accordance to the existing theoretical frameworks, and further adheres to the analytical model. Thus, in the work carried out in the statistical (result oriented) benchmarking, an inverse approach regarding how practice correlates to theory, has been identified. Hence, exemplifying an adapting measure when implementing a concept from one context to another to better fit for purpose, i.e. from the private to the public sector. However, when arriving at the stage of the process oriented benchmarking, inconsistencies of theoretical compliances, mostly results in omission of the proceeding steps. Given the stated aim, it can be concluded that the application of the benchmarking process in the public sector in this case is not thoroughly carried through. This result in that potential realized improvement, in terms of enhanced efficiency and effectiveness, are lost. Consequently, entailing more of a reporting function towards the politicians rather than a business oriented tool for performance improvements, as intended by theory, and recognized by Tillema (2007).

In this stance, this study contributes to the existing literature by providing an analytical model, which can be used in order to assess the benchmarking theory in the public sector. Further, specific elements relevant to be considered when conducting the process have been identified in the empirical findings, which embodies some inconsistencies of the application of theory in practice.

Firstly, from the empirical findings it is evident that there is a lack of structure concerning the operation of the network, of which the project directive and communication constitutes interdependent features. Ambiguities concerning the communication between the different instances within the network have been identified as directly correlating to a currently low awareness of the operations project directive. Hence, this results in blurred distinctions and perceptions of the work to be conducted. This constitutes as a barrier for the project directive to serve as a core instrument (by establishing instructions and guidelines), which could enable a coherent operation. Furthermore, this exemplifies Peters (1995) argument regarding the vital aspect of a thoroughly conducted communication, in order to enhance the level of understanding and involvement.

Secondly, another feature that was recognized was a lack of incentives caused by a somewhat distant management force. Due to the fact that the network is built upon individual initiatives and that the work is carried out on home ground, there is a need for more distinct dictates, which adheres to the project directive. It is perceived that an attitude within the network, in terms of seeking to assert performance instead of seeking to improve performance, is prevalent. Consequently, this adheres to Tillema's (2007) statement regarding justifications. From this it is palpable that in order to establish a consistent operation with an equivalent level of engagement throughout its participants, a higher degree of involvement from politicians and upper management is vital. Thereby, the conducted work would be regarded as more valuable and essential, since higher forces acknowledge it, something that the majority of the officials pointed out as being of paramount importance.

Thirdly, one of the most vigorous concerns identified in the study is the scarcity of the analysis that should lead to evaluations and implementations of performance improvements (as seen in Figure 5). The identified reasons for this contemplate the encompassing conditions for the operations construction, as stated above. Further factors that have a direct correlation to the conduction of analytical commitments are the conditions of KPIs and competence of participants. In accordance to Peters (1995), it is important that adequate competence is prevalent, of which aberrant tendencies have been acknowledged in the case of Network Södertörn. As the workgroups are comprised of individuals with varieties of expertise,

experience and knowledge, the analytical work do not always fall naturally, which further implies that this part of the process might be hampered. The lack of adequate competence further decreases the ability to provide accurate performance improvements that can be seen as legitimate, which argued by Catasús *et al.* (2008) is essential. Further, a reduction of attained figures is needed, in line with Catasús *et al.* (2008) argument regarding the risk of adapting an excessive number of KPIs, which in some instances can hinder more than help. By reducing the amount, focus can be directed towards more specific aspects, and saved time can be devoted to conduct a more profound analysis.

As stated, it is argued that benchmarking as a process involves investing significant resources, such as time, in order to carry out the work. However, if assessed correctly it can reduce costs in multiple areas (Ax *et al.*, 2009). Many individuals are participating in the undertaken work within the network, suggesting that rather large investments have been made, although evidence of achieving performance-improving results is mainly absent. Since it is only the initial steps that are carried out thoroughly, this further concludes that if the work undertaken is to be continued, more resources need to be appointed to the network, or rather reallocated between the different steps. This in order to improve the current situation and further manage to achieve the complete benchmarking process. Consequently, instead of being regarded as a cost, it should be considered as an investment, which in the long run can enable the municipalities to reach performance improvements, i.e. the intended outcome of the benchmarking process. Given these aspects it can be concluded that, based on this study, the promise that benchmarking in the public sector will lead to enhance organizational efficiency and effectiveness, as asserted by Bowerman *et al.* (2002), cannot entirely be fulfilled.

6.1 Further Research

As this study was conducted on a specific case, further insights in other contexts could expand the research field of benchmarking within the public sector. This in order to provide a deeper and broader understanding regarding to what extent this matter can be generalized. Network Södertörn is comprised of a variety of municipalities, which are of rather different sizes. Therefore, it can be of interest to specify future research to solely focus on small or large municipalities, to determine if potential success can be related to the size of the municipalities.

Further, this study scrutinizes the topic from CFOs and officials perspective. It is evident that higher authorities (e.g. politicians) and upper management (e.g. City Council, Administrative Managers) also play a vital role in the conduction of the work. It can therefore be of interest to conduct a study where their point of view is considered, in order to establish how important this work actually is for the public sector.

If establishments are made, regarding the possibility of generalizing the scarcity of being able to conduct the benchmarking process thoroughly, attempts to generate a theory directly related to the public sector could be of valuable contribution. This since the public sector has divergent precondition in comparison with the private sector, and thereby could enhance the ability of achieving a successful benchmarking for public sector organizations.

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Appendix I: Dictionary and Abbreviations

Dictionary

English

Administrative Management

City Council

Ghost-writers

Official

Project National Comparisons

Public Performance Reports

Senior Management

Swedish

Förvaltningschef

Kommunfullmäktige

Spökskrivare (Inhyrd rapportsammanställare)

Tjänsteman

Nationella jämförelseprojektet

Öppna jämförelser

Högsta ledningen

Abbreviations

CFO = Chief Financial Officer

KOLADA = Municipal and County Database (Kommun- och landstingsdatabasen)

KPI = Key Performance Indicators

NPM = New Public Management

RKA = Council for Local Government Analysis (Rådet för främjande av kommunala analyser)

SCB = Statistics Sweden (Statistiska Centralbyrån)

SKL = Swedish Association of Local Authorities and Regions (Sveriges kommuner och landsting)

SOU = State Public Inquiries (Statens Offentliga Utredningar)

Appendix II: The Steps in the Analytical Model

Step 1 – Decision to engage

The organization must first decide whether or not to engage in the benchmarking process, where the primary goal often focuses on improvement.

Step 2 – Identify

Focus is aimed at making the process an established part of the organization, i.e. making it recurrent and conducted regularly.

Step 3 – Statistical (result oriented) benchmarking

Organization devotes time on creating KPIs in order to carry out comparisons, which involves analyzing and planning. The analyze is conducted to determine which areas in the organization that need to be improved, while the planning is used to determine a base for the comparisons, i.e. classify best practices and good examples. The KPIs are further attained and compiled based on these considerations.

Step 4 – Process oriented benchmarking

The organizations aim focus on the analysis of the comparisons, which is the most vital step. Organizations seek to identify why their figures differ from others and how this can be changed. This requires knowledge and expertise, and can be hard to conduct.

Step 5 – Decision to use the benchmarking information

Organizations decide whether to use the retrieved information to improve performance.

Step 6 – Implementation and evaluation

Information is converted into actions that should be applied to improve. To achieve suitable results, it is important that the analysis in the process-oriented phase has been conducted thoroughly, and that the divergences identified has been correctly assessed.

Step 7 – Outcomes

The success of implemented actions should be reflected in outcomes. These varies depending on what the organization attempted to change, and this further works as a recipe, determining if the benchmarking has been successful, or not.

Appendix III: Profiling of the Respondents

This appendix will provide a brief background regarding the respondents that has been interviewed in this study. Their current position within the municipalities and academic background is presented, as well as a short summary of their current work tasks.

Botkyrka

Niclas Johansson, CFO

Niclas Johansson is the CFO of the municipality of Botkyrka, and he has been an active participant in the network for one and a half years. Niclas has an academic background within economics. His current work tasks include managing the operational area of economy and management. He is further in charge for the municipalities' control system and for overall economy-related tasks, including e.g. budgets, annual report, and financial aspects. Prior to this, he has worked as an economist at the Swedish Association of Local Authorities and Regions (SKL) and the Stockholm County Association of Local Authorities (KSL).

Anonymous, Official

The official from the municipality of Botkyrka has been an active participant in the network for four years, and is part of the workgroup related to elementary school. The official possesses an academic background within in sociology, and further has a degree as a middle school teacher. Previously employments include teacher, school manager, and project manager etcetera.

Haninge

Jörn Karlsson, CFO

Jörn Karlsson is the CFO of the municipality of Haninge. He has been participating in the network for eleven years. Jörn has a degree in sociology focusing on administration. Jörns current work tasks includes managing the economy department, and he is further responsible for the municipality's economy, financial management, internal control, procurement matters and issues concerning premises. He has previously been working as the CFO of the municipality of Nynäshamn, Österåker and Huddinge, and as a bank office manager.

Anonymous, Official

The official from Haninge has been active in Network Södertörn within the workgroup for schools for two years. This official has bachelor degree in business administration, and have beyond that, studied some additional courses. The employment in the municipality constitutes of a controller, where the main work tasks involve compile and analyze pedagogical results, and to support and inform the management with adequate material in order to make decisions.

Huddinge

Mats Öberg, CFO

Mats Öberg is the CFO of the municipality of Huddinge, and he has been participating in the network for approximately 5 years (i.e. as long as he has been the CFO). Mats have a degree of Master of Science in Business and Economics, and beyond that various work-related training. In major, Mats is responsible for the municipality's processes and principles concerning the operational areas of economy, procurement, and planning of premises. Mats have previously been working with accounting for three years, twelve years at Telia as CFO, chief accountant and controller, and further seven years at SL as CFO, controller and project manager.

Bo Garnej, Official

Bo Garnej is the chief controller for the municipality of Huddinge, and has been an active participant in the network for seven years. He is part of the workgroup for premises. Bo ensures a degree of Master of Science in Business and Economics. Current work tasks comprise managing and controlling the finance department, where he is in charge of providing support for decisions and strategic reasoning concerning issues regarding premises. Previous employments consist of working as a CFO, account manager, controller and more.

Nynäshamn

Peter Björebo, CFO

Peter Björebo is the CFO of the municipality of Nynäshamn. He has been participating in the network for three years, i.e. since he started as the CFO. Peter holds a degree of Master of Science in Business and Economics. He is responsible for the economy department, and his work tasks partially include supporting the politicians and the City Council in the financial processes,

and further informing and reporting. He has previously been working as a child- and education manager in the municipality of Tierp, as a department manager for the Swedish national financial management authority, and with economy at Lantmäteriet, former Banverket, and former Arbetsmarknadsverket.

Siv Jatko, Official

Siv Jatko works as a business controller in the municipality of Nynäshamn. She has been participating in the network for nine years, and been part of the work groups for individual- and family care, elderly care, and disabilities. Siv ensures a degree of Master of Science in Business and Economics. Her work tasks are centralized to the economical department where she works under the City Council, close to the social administration. She particularly works with social investments and different other projects. She has been working on a central position within the municipality and further as an administrative manager and economist. Practically she has been a manager her whole working career, except from now.

Kerstin Perninge, Official

Kerstin Perninge works as an investigator and chief administrative officer in the municipality of Nynäshamn, and has been a part of the network for seven years. She has been involved in different workgroups, but is currently participating in the workgroup for individual- and family-care. Kerstin holds a degree in sociology. She is currently working very close to the social director and the councils, and has been working within different areas in the public sector for 34 years.

Salem

Jan Lorichs, CFO

Jan Lorichs is the CFO of the municipality of Salem, and has been an active participant in the network for nine years. He possesses a degree of Master of Science in Business and Economics. His present work tasks mainly contain reporting back to the municipal director and other conventional assignments as a chief. Previously he has been working as a controller for a number of five years, and as a CFO for 23 years.

Rolf Johanson, Official

Rolf Johanson is the culture- and recreation manager for the municipality of Salem, and has held the responsibility for this area since the year of 2008. He has been active within the network for 15 years, and is presently part of the workgroup comprising culture and recreation. Rolf has an academic background within culture. He has been employed in the municipality of Salem since 1986, and has previously been working as a cultural secretary, communication manager, and unit manager etcetera.

Södertälje

Mats Christiansson, CFO

Mats Christiansson is the CFO of the municipality of Södertälje, and has been an active participant in Network Södertörn for four years. Mats have an academic background within sociology. He is currently managing the economy department, including budgets, corporate governance, financial and accounting aspects and so forth. Prior employments encompass working as an economics strategist and administrative manager.

Annika Åström, Official

Annika Åström is working as a statistical strategist within the municipality of Södertälje, and has been part of the network for a total amount of three years. She is currently participating in the workgroups for disabilities, elderly care, and individual- and family-care. Annika has an academic background within economy and statistics. Her standing work tasks enclose staff work with a focus on quality assurance of public statistics, as well as other investigative assignments. She has previously been working in the private sector as an investigator and statistical strategist for five years, and as a controller combined with statistical strategist for six years.

Tyresö

Dan Näsman, former CFO

Dan Näsman is the former CFO of the municipality of Tyresö, and retired during 2013. He was a part of the start-up of Network Södertörn, and has since then been an active participant for approximately 18-19 years. He contains an academic background within economics. Previous employments constitute of working as the CEO of Väg- och Baninvest AB, the CFO of former

Vägverket, audit director at the Swedish National Audit Office, and departmental secretary for the ministry of industry.

Marika Lyman, Official

Marika Lyman works as an investigator in the municipality of Tyresö, and has been part of the network for two years. She is participating in the workgroup for elementary school and preschool. Marika has a degree of Master in Political Science. Her current work tasks include comprising statistical data, to council related assignments and business intelligence and more. Previous employment comprise of working as an investigator within the healthcare services at the county council of Stockholm.

Appendix IV: Interview Guide for the Semi-Structured Interviews

1. Background of the Respondents

- What position do you have within the municipality?
- In short, what are your main work tasks?
- What is your academic background?
- What are your previous employments?
- How long have you participated in the network?
- In which different areas are you participating?

2. Themes and its Respectively Main Questions

- Structure and building blocks of Network Södertörn
- Intermediation of information
- Evaluation and implementation

Structure and Building Blocks of Network Södertörn

- How is the network structured?
- Who is participating in the network, i.e. which different levels are involved?
- How is the participants selected to be a part of the network?
- Does the participants have an understanding of why this work is conducted?
- To what degree are the different managers involved in the undertaken work?

- In what purpose is the undertaken work conducted?
- Who are the target group of the conducted work?
- How is decisions made regarding which operational areas to appoint?

- How is the addressed KPIs selected?
- How much influence do you have on the information to be gathered and presented?
- How is the KPIs attained?
- How much time is invested in attaining the KPIs?
- Is the time provided enough?

- How is the work continued once the information from the KPIs has been attained?
- Do you experience that there is too many KPIs too measure?
 - If so, what do you believe is needed to improve that area?
- How is the analysis process of the KPIs carried out?
- Do you believe that the time exists to analyze?
 - In what regards?
- How is the distribution of time divided between attaining the KPIs and analyzing the findings?

Intermediation of Information

- How is the communication between the municipalities carried out?
- To what extent is information regarding the network communicated to;
 - employees within the municipality not directly involved in the network?
 - upper management, i.e. City Councils etcetera?
 - others outside of the municipality?
- Competition is less evident in the public sector, is this something that is utilized, in terms of enhanced abilities to communicate?
- If a municipality has performed better in a certain area, do they assist other municipalities with information regarding their work?
 - How is this carried out?
- To what extent do you contact other municipalities in order to further scrutinize their processes and aspects they perform well?
- To what extent do you experience that information is ‘lost down to road’, due to the fact that multiple levels within the municipalities are involved?

Evaluation and Implementation

- What do you experience is creating value for the municipalities as it comes to the network?
- Do you believe that the work amount invested equals the perceived value?
- Have the work within the network developed and received more attention over the years?
 - If so, in what regards?
- Do you experience that the network has developed the municipalities to become more effective and efficient?

- If so, in what regards?
- What deficiencies do you experience are evident in the network?
- How are the KPIs used after they have been attained?
- Do you experience, and in what regards, that the KPIs provide a base for decision-making?
- Do you consider the KPIs to be reliable?
- If so, in what regards?
- In what regard do the selected KPIs provide the most value?
- Is it possible to implement actions of change if good examples are received?
- In what way is this carried out?
- How does the participants proceed after the conference day?
- Is it possible to implement actions of change if good examples are received?
- In what way is this carried out?

3. Additional Essential Questions that was added as the Interviews Proceeded

General

- How is the conference day structured?
- In what regards, does the fact that the participants performs this in addition to their original tasks, impact the involvement and engagement?
- What does the politicians do with the information received from the KPIs?
- In what ways might time restriction impact the quality of the work undertaken?
- In what ways can the structure of the network be enhanced?
- Do you believe the guidance from managers needs to evolve?
- If so, in what regards?
- Do you experience that the work could be improved if the participants where more involved and engaged?
- In what regards?

- Do you believe that the managers need to be more involved than what they are at the current situation?
- Do you believe that a wider communication of the work would enhance the quality of the work?
- If so, in what regards?

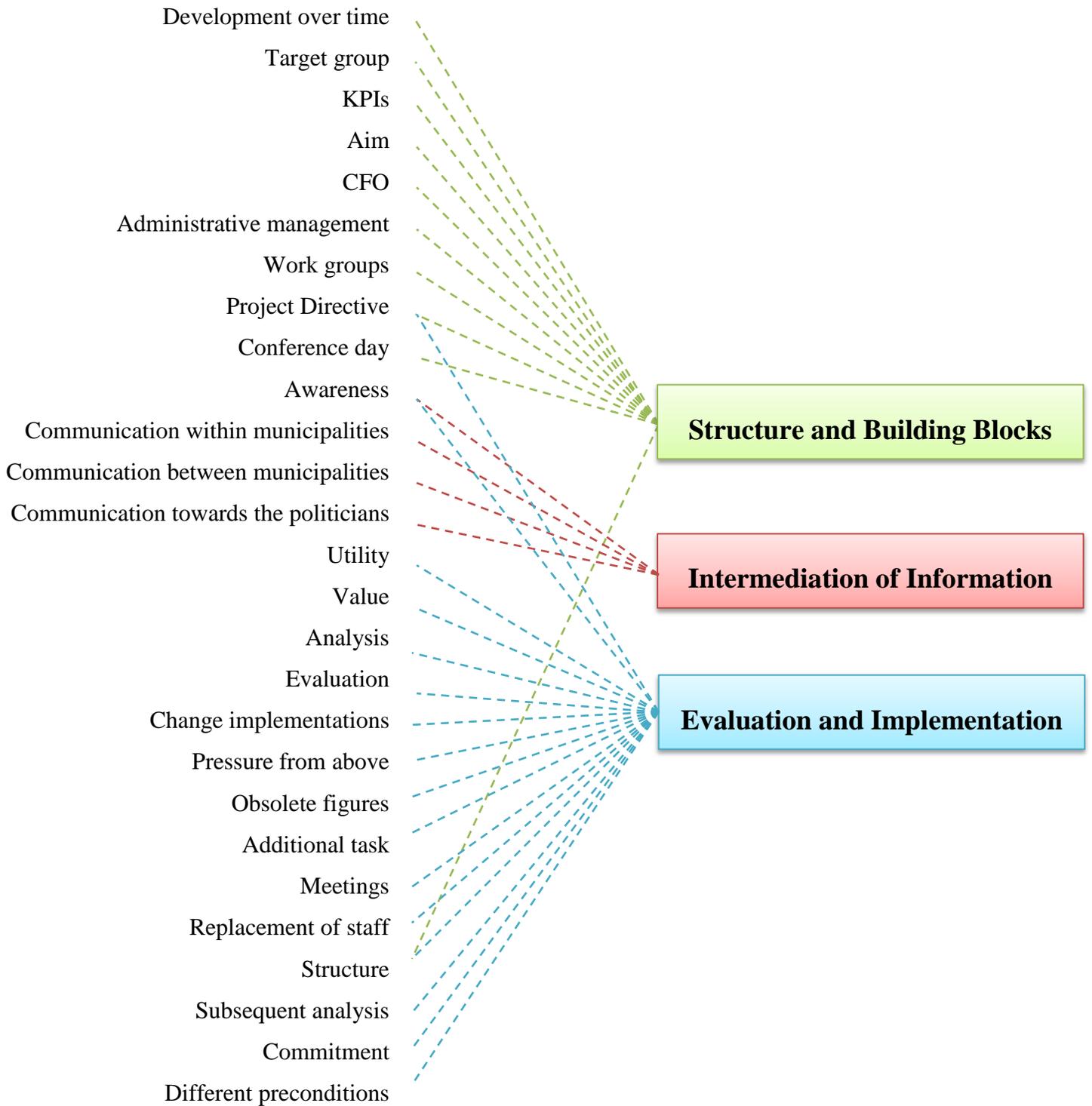
- How can the fact, that this sometimes is perceived as a task of measuring for the measuring sake, be avoided?
- What are the reasons for that the analysis phase is not conducted as thoroughly as needed?
- Can the work be improved if more time and attention was directed to the analysis of the KPIs?

Specifically Directed Towards the CFOs

- Do you meet the different administrative managers, to discuss the work undertaken?
- If so, how is this carried out?
- How much pressure is received from above, i.e. from City Council, politicians' etcetera?

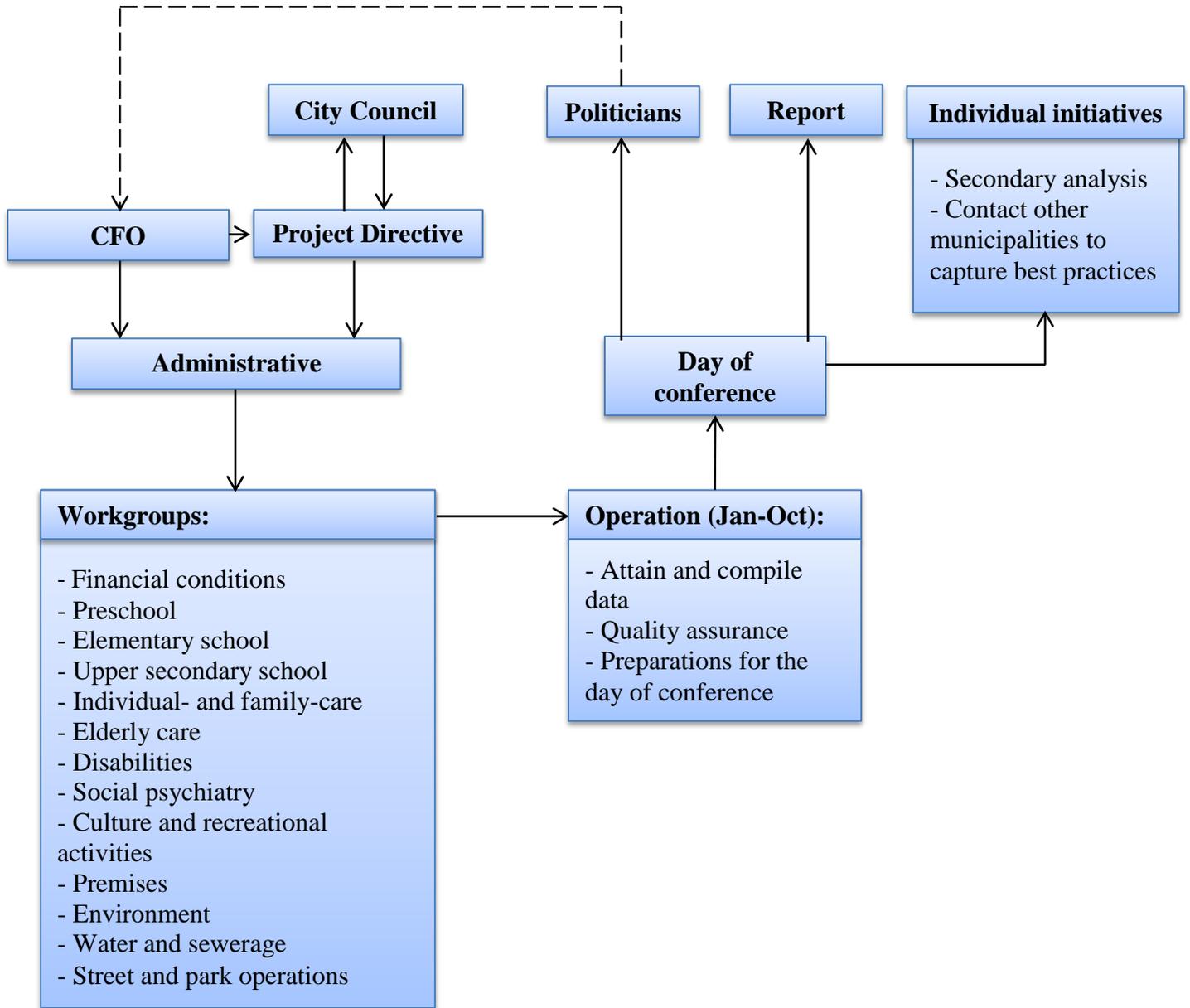
- Who are responsible for the creation and updating of the project directive?
- What is considered when producing the project directive?
- How is the project directive communicated to everyone in the workgroups?
- Others in the municipalities?
- How is the project directive evaluated?

Appendix V: Coding Scheme



Appendix VI: Organizational Scheme

Illustrated organizational scheme based on information attained from the respondents.



Appendix VII: Assignments

City Council

The city council in each municipality is the principal and determines the project directive

Municipal Director

The municipal director determines which administrative manager that is responsible for the municipality's participation in respectively work group, and further monitors that the municipalities' different operational areas participate in the work in accordance to the project directive. The conducted work should be reported regularly to the municipal directors within Södertörn.

Administrative Manager

In the municipality, which is responsible for the work within a certain operational area, it is the administrative manager that is in charge of the following aspects

- Convene equal managers in the other municipalities to determine the direction of the work, in order to monitor how the work proceeds.
- Ensure that the work is carried out and developed in accordance to the aim of the project directive.
- Select a convener and other participants within the municipality. The convener shall plan and host the meetings and distribute the work tasks.
- Actively monitor the work and report to the municipal director and the CFO regarding how the work proceeds.
- Make sure that the report is produced and presented at the conference day.

CFO

In all municipalities the CFO should monitor the work and have a coordinating role. The CFO of the municipality who has the responsibility for the conference day shall plan and make sure that the day is conducted, and further host reconciliation before the day with CFOs, administrative managers and conveners.

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