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BENCHMARKING AS A SUBSTITUTE FOR THE MARKET MECHANISM: EMPIRICAL EVIDENCE FOR THE CZECH REPUBLIC

Abstract:

Benchmarking is most often referred to as a tool for the improvement of processes and performance of organizations. Therefore, it was also in the framework of reforms in the spirit of New Public Management which was implemented in the public sector. Regarding the theory of benchmarking, many authors have pointed out that in addition to the actual improvement of processes, benchmarking can replace the function of the market mechanism in the allocation of public funds among organizations that provide public goods and services, which often operate in a monopolistic environment. Empirically, this has been observed in so-called “pure” NPM countries like the UK, USA, and New Zealand. The aim of this article is to describe the use of benchmarking in the public sector, focusing specifically on the case of municipalities in the Czech Republic, where as a result of the initial conditions, the phenomenon of “voting by feet” does not work and the effect of competition is severely restricted. Based on the research are then discussed. Possible recommendations for public policy, based on the research, will also be discussed. In analyzing the problems the following methods were employed: interview, comparison and a literature review.

Keywords:

benchmarking, public sector, market mechanism

JEL Classification: H00, H10, H72