Discovering its own relevance?
Reflections on the ‘new’
management accounting in the
public sector

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Abstract
The observation that accounting is central to an on-going drive to reform the public sector is hardly new. The case of benchmarking, however, illustrates that a ‘new management accounting’ has been appropriated by public sector reformers and the accountants who serve information ‘needs’ generated by the dichotomous ‘problem’ of central governmental fiscal control versus decentralised empowerment. The case of benchmarking illustrates how, via its rhetorical power, the ‘new management accounting’ plays a central role in legitimising old demands placed on accounting. Caught up in the discourse of new public financial management reforms, accounting in the public sector is mired in a search for its own ‘relevance’.

Themes and issues
Discovering its own relevance was motivated by a two-year study of the escalating practice of benchmarking in UK local government. Benchmarking can be described as being located ‘at the margins’ (Miller, 1998, 605) of what is understood to be the management accounting craft. Consequently, benchmarking provides an illustration of how and why new practices permeate the craft. In the private sector management accounting literature, benchmarking is increasingly represented as part of a raft of ‘new management accounting’ ‘solutions’ (cf. Chenall and Langfield-Smith, 1998; Elnathan et al., 1996; Otley, 1999). For the private sector, at least, benchmarking is part of the renewal of the craft in response to a continual attack on the failure of management accounting to keep pace with commercial ‘needs’ (cf. Johnson and Kaplan, 1987).

Discovering its own relevance contends that, caught up in the discourse of new public financial management reforms, accounting in the public sector is mired in its own search for ‘relevance’. The indications are that the public and private sectors have converged on a common set of

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managerial and (the focus here) accounting ‘solutions’. Yet the ‘problem’ of technological and managerial shift in which the relevance debate is at least partially grounded has barely impacted on the public sector; this leads to a need to reflect upon the appropriateness of the chosen techniques.

The question of why the public sector has aligned itself with the anti-status-quo rhetoric of the ‘new accounting’ provided a motivation for the paper. Accordingly, the case of benchmarking is used to illustrate how, via its rhetorical and symbolic power, the new management accounting plays a central role in legitimising old demands placed on accounting by managerial and political prerogatives in the public sector. The search for relevance in the public sector has little to do with improving services. By focusing on the roles played (cf. Burchell et al., 1980) by the new accounting in the public sector, this paper provides an illustration of the degree of inter-connectedness of rhetoric, the professions and politics when the reform of the sector is at stake.

**An introduction and some explanations: benchmarking in the domain of management accounting**

Management accounting has always appropriated new techniques or ‘solutions’ from extant managerial ‘disciplines’; this is part of the way the craft legitimates, perpetuates, and, at times, extends itself (cf. Ezza-mel et al., 1997; Miller, 1998; Burchell et al., 1980). Benchmarking is a good illustration of this tendency, being aligned to the currently fashionable notions of strategic and quality management (cf. Chenall and Langfield-Smith, 1998). The Chartered Institute of Management Accountants’ (UK) call for research proposals on benchmarking in 1996, and to some extent the resultant CIMA-sponsored research project (see, Bowerman et al., 2001 forthcoming; Holloway et al., 1999; Roslender and Hart forthcoming) reflect the accounting profession’s self-interest in investigating benchmarking as a ‘new’ accounting ‘solution’. Fogarty (1995) points out that this arrangement is part of a more general tendency on the part of the profession towards vicarious identification with apparent ‘academic virtuosity’: the profession trades funds for the generation of an ‘abstract knowledge base’. Importantly, the role of this knowledge base appears to be psychological as much as it is functional. Fogarty (1995, 139) suggests ‘the actual use of this knowledge by practitioners is secondary to its very existence for the purposes of furthering the interests of the profession’.

There are echoes of this ‘virtuosity’ in a distinct strand of the literature that seeks to align benchmarking with the objectives of management accounting. Elnathan et al. (1996, 50) is a good example, arguing:
The role of the management accountant across a wide variety of organizational contexts has expanded greatly since the mid-1980s. Benchmarking has emerged as a central process through which management accounting systems and specific types of information used and generated by the system can be compared and improved.

Typically, such appeals are located in the current rhetoric of a ‘new management accounting’ (see for instance, Chenall and Langfield-Smith, 1998). For at least a decade now, management accounting has undergone a continual attack on its commercial relevance (for further discussion of which see for example Ezzamel et al., 1997). The response has been an ‘industry’ of self-criticism (Miller, 1998), and a period of reflexive self-doubt producing a climate in which new ‘developments’ and ‘products’ are advanced, motivated by self-defence, and simply the survival of the craft. Ezzamel et al. (1997, 460) outline their oxymoronic finding that a set of ‘intriguing dynamics’ is employed by the profession in a bid to secure its future:

In the face of the recent sustained attack on accounting by academics, gurus, and managers, practising accountants have been quick to seize the opportunity and to join in the attack rather than remain entrenched by seeking vainly to protect old practices that have become discredited. But the process of ‘self-criticism’ seems to have been ‘managed’ in a subtle way. While admitting to the limitations of the old practices, the accounting craft in itself has been spared. Criticisms of old obsolete practices have been hung on the hook of ‘conventional accounting’, and the debate was switched to the ‘new accounting’ which promises new solutions. (Emphasis in original)

In fact, these ‘intriguing dynamics’ have been identified and codified as the use of a particular form of rhetoric, ‘anti-status-quo rhetoric’ (Perelman and Olbrechts-Tyteca, 1969). In Ezzamel et al.’s findings it would appear that the rhetoric employed by the profession has been as important in its survival as the generation of new business ‘solutions’. Some potential insights into why the profession has embraced anti-status-quo types of argument (for examples of which, see Kaplan and Johnson, 1987) is provided by the work of Frost and Egri (1991, 232) on political dynamics at play in the process of innovation. Frost and Egri argue that there is a tight linkage between “innovation and ‘progress’”, underwritten by “the unquestioned assumption of innovation as good”. What is at stake for the profession is the generation of intangible managerial innovations (for an interesting discussion of which, see Tylecote, 1993) in a bid to keep pace with the ‘progress’ (technological? managerial? financial?) of the organisations it seeks to serve.

Benchmarking is the very epitome of the resultant new genre of accounting ‘innovations’. The benchmarking literature (which spans a number of other managerial ‘disciplines’) exhorts managers to systematically
emulate exemplar practices in other companies, and to incorporate them into the company’s own repertoire; all of this is presumed to lead to ‘superior’ performance. A flavour is provided by taking one amongst a number of possible normative definitions of benchmarking which the management accounting literature employs, and which sets out what managers ought to be doing:

[B]enchmarking is a process by which an organisation targets key areas for improvement, studies the best practices of others and implements processes and systems to enhance its own performance… When applied properly, benchmarking can spark new ideas and approaches which may come from outside industries.

Elnathan et al. (1996, 40).

Further apparent advantages come through benchmarking’s broad seductive appeal. Again, it is sufficiently woolly to be not easily tested or refuted. Its success lies in its being both evocative and, at the same time, ambiguous (see Eccles and Noriah, 1992, 35). Yet there is no extant understanding of any conceptual basis of benchmarking; benchmarking is drawn from the broad school of management, a discipline or disciplines, whose arguments are typically based on the insights of researchers, practitioners and proponents, rather than any firm theoretical basis, a dubious pedigree noted by Chenall and Langfield-Smith (1998) as an important limitation in explanations of the development of contemporary developments in management accounting. These doubtful origins are explained by the pragmatism of the profession. As Miller (1998, 609) notes:

accounting is … an ensemble of devices and ideas formed at particular times and in particular locales, rather than an immutable and universal starting point…

Thus Miller (1998) turns his attention to ‘accounting at the margins’. It is here, he suggests, that we can explore how a consensus is reached about techniques, including issues of usefulness, desirability and the status of techniques within the boundary of the subject. Miller’s questions have provided something of a point of departure for this paper, since if benchmarking is management accounting at all, its very novelty locates it at the margin rather than the core of the current ‘body of knowledge’. This locus can be explained by accounting’s pragmatic and self-interested streak. What really locates benchmarking in the domain of accounting is a realisation that elements of benchmarking practice mirror or derive from familiar calculative processes.

The inevitable adoption of new management accounting in the public sector

The same pragmatism has driven and will continue to drive the adoption of benchmarking in the public sector. In common with their private
sector counterparts, accountants in the public sector are motivated to both maintain the legitimacy of what they do, and to defend and expand their craft. At the same time, a drive for new accounting solutions is driven by the rhetoric of reform, which dominates the discourse of the management of the public sector. The impetus for this drive parallels the compulsion on the part of management accountants to rediscover ‘relevance’. There is a certain inevitability about the adoption of the ‘new management accounting’ in the public sector.

Public sector accountants can and do update their craft by emulating their private sector counterparts’ interest in benchmarking and other ‘solutions’. Interestingly, amongst the CIMA benchmarking studies, the Bowerman et al. (2001 forthcoming) study was specifically orientated towards the public sector; and the Holloway et al. (1999) study indicated that benchmarking was an established practice, and most prevalent in the ‘old’ public sector. Although rivalry with competing institutes is not normally articulated by the public sector accounting profession, in the UK the Chartered Institute of Public Finance and Accounting experiences a degree of competition from other primarily private sector accounting institutes. In consequence, there is some pressure to keep up with what is on offer from the private sector. It is not surprising then to find that there are those who would put benchmarking forward as a public sector ‘solution’ (see for instance, Williams, 1996; and Bowerman et al., 2001 forthcoming).

Where the private sector is the focus, the discourse of ‘lost relevance’ and the evolution of the management accounting craft remains the dominant discourse in management accounting. Benchmarking is typically used as ammunition in reaction to the ‘relevance’ attack (see for example, Chenall and Langfield-Smith, 1998). By contrast, as far as public sector management accounting is concerned, the ‘relevance’ debate neither specifically includes nor precludes its case, although the debate is nominally confined to the parameters of ‘the private sector’. However, given the apparent tendency (as in the case of benchmarking) for public sector accounting to look to the private sector as regards the advancement of the craft, we might expect this debate and particularly the reforming pressure it brings to bear to permeate the public sector, perhaps in some subtle or distorted form. The impact of the debate on the public sector, however, has received limited attention.

An exception is Hopper (1986) who argued that in spite of doubts over the functional claims of ‘traditional’ management accounting techniques, these methods have been central to the logic of public sector reform. Thus private sector ‘problems’ pose as public sector ‘solutions’. This tendency for accounting to figure large in the reform of the public sector literature is well documented in the literature (see for example
Humphrey et al. 1993, 1998), although no particular distinction is made between the ‘new management accounting’ and the ‘conventional accounting’ which apparently came before it. Thus Guthrie et al. (1999) simply assume a role for benchmarking in the ‘new public management’ reforms. Benchmarking is, without proper evidence, simply taken to be another tool for the exercise of fiscal accountability.

It is difficult to argue that the ‘relevance’ debate impacts directly on the public sector. There is an inter-connected quality, however, about the ‘solutions’ advocated for the private and public sectors. The rhetoric of reform (political and managerial) at play in the public sector is driven by much the same political and economic worldview as the private sector discourse of lost relevance. The rhetoric of reform in the public sector has much the same effect as the relevance debate in driving new managerial ‘solutions’. Humphrey et al. (1993, 9) neatly encapsulate the ideological underpinnings of an ongoing drive for reform of the public sector based on an extensive review of the literature:

*public expenditure, having been regarded for most of the post-war period as an essential part of the solution for economic and social policies, had now become a part of the problem*.

This particular ideological stance is the backdrop to a drive for accounting ‘solutions’ in the public sector. Humphrey et al.’s analysis is usefully juxtaposed with insights provided by Ezzamel et al. (1997) in respect of the parallel drive for ‘new’ accounting ‘solutions’ in the private sector. Ezzamel et al. (1997) underline a tendency for attacks on the relevance of management accounting to ‘fail to problematise many received wisdoms, such as the accepted diagnoses of lost competition and the associated plausibility of the proposed remedies.’ Indeed, one might to this list of failures to problematise received wisdoms, the general belief that innovation will lead to ‘progress’ (cf. Frost and Egri, 1991).

It would appear that the reforming tendencies in both the public and private sectors (captured, respectively, in the ‘new public management’ and ‘relevance’ debates) are driven by the same belief in the existence of a temporary crisis in what is similarly perceived to be a sound political/economic and social system. In the private sector, managerial solutions are presumed to have fallen out of phase with the commercial ‘needs’ generated by intensified global competition (cf. Johnson and Kaplan, 1987). The public sector, meanwhile, is bureaucratic, profligate and in need of modernization and renewal, even commercialisation (cf.

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*1 Whilst this ideological standpoint is more readily identifiable with Thatcherism in the UK, Humphrey et al. (1993) point out that it was received wisdom even in the run up to “new right” politics. There are, of course, important differences between Thatcherism and the UK’s New Labour government; but the current administration retains a strong emphasis on fiscal control.*

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DETR, 1998, the central governmental White Paper which sets out a programme for the reform of UK local government. In both sectors, the prescriptions are rooted in the advocacy of ‘new’ managerial ‘solutions’, not least accounting solutions. Taken to their logical conclusions, both analyses would appear to point to a new zenith in our political and economic system, as both private and public sectors each discover their own (presumably complementary) ‘relevance’.

In the meantime, there are serious ramifications for the public sector. As Hopper (1986, 13) argued, since ‘[a]ccounting has been mainly developed within and for the private sector—it [accounting] is heavily imbued with its values and beliefs.’ The corollary is that ‘a set of assumptions about relevant criteria for decisions, the nature of decision-making, patterns of authority, and the nature of the enterprise’ are adopted along with these techniques. In the case of central government reforms predicated on the efficiency of the market, and centred on accounting approaches, such arrangements are of necessity highly expedient. In short, accounting in the public sector is little more than ‘ideology dressed as science’ (Hopper, 1986, 13).

Given the centrality of private sector solutions to the discourse of reform in the public sector, coupled with the popularity and legitimacy of benchmarking in the private sector, it was inevitable that this innovation would receive attention in the public sector. It is not surprising, then, that there is a thriving market for a form of ‘benchmarking’ which is aligned with central government’s agenda for the public sector. The marketing of benchmarking in the UK local government sector preys on local government fears of falling out of step with this agenda (Harbord, 1999). The Institute for Public Finance (the consulting wing of CIPFA) operate a number of benchmarking ‘clubs’ for local government, and promotes itself with the following kind of pronouncement:

‘Ever since Labour won its landslide general election victory... it has been clear that councils face a radically changed regime... Authorities will be required to show that they are securing efficient and effective service provision. IPF’s Benchmarking Clubs, which produce meaningful comparisons between similar authorities, are an excellent way of doing this.’

(IPF in Action, undated, CIPFA, 1)

In sum, two sets of forces are at play to drive new private sector accounting calculi in the public sector. A continual drive to legitimise and maintain management accounting territory gives rise to a tendency for new private sector accounting to permeate the repertoire of public sector capability. At the same time, a continual if hectic central governmental push for reform drives a search for ‘solutions’. For the moment, these two forces appear to have converged on the notion of ‘benchmarking’.

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How new management accounting slips into meeting old demands on accounting

This section of the paper considers how accountants in the public sector have put benchmarking to use. Once discovered, the ‘new management accounting’ slid into meeting traditional demands for accounting in the public sector as control information.

I have noted in an earlier section of this paper that benchmarking fits familiar accounting calculative routines. Benchmarking proponents understand this, and have underlined the importance of emphasising the centrality of innovation (the ‘emulation element’), distinguishing innovation from the lesser (but often necessary) goal of comparing one’s performance metrics with others (the ‘metrics element’) in order to identify performance ‘gaps’. Holloway et al. (1999, 1), for example, advocate that:

Management accountants are well placed to contribute [to benchmarking] and they appear to occupy central roles in many benchmarking activities. However... there remains a danger that the management accountant can be more inclined towards measuring the indicators rather than managing the business.

One possibility that is overlooked in the benchmarking literature to date is that such arrangements might reflect a demand-led scenario (cf. Miller, 1998; Bjørnenak and Olson, 1999). On the one hand, the ‘new management accounting’ can be represented as a continuation of a steady supply of accounting-based ‘products’ for management; on the other hand, of course, for a ‘market’ for accounting calculi to thrive, there must, equally, be buyers or consumers of new promises and products (cf. Burchell et al.’s [1980] account of the role of other specialisms in the institutionalisation of management accounting, 8).

In the case of benchmarking, the implication is that accountants have been able to ferret out the calculative element of benchmarking because the demand for performance indicators (the metrics element of benchmarking) exceeds the demand for investigating performance per se (the emulation element of benchmarking). For the public sector, Holloway et al.’s caveat is particularly germane, since the metrics element of benchmarking lends itself towards a pervasive tendency on the part of central government to ‘objectify’ public services and public service values via a process of metrification and audit. For Power (1997), who draws substantially on the work of Beck (1992), this tendency is a societal phenomenon—an audit explosion. Power’s explanation (p 4) is that, for the time being, society has crystallised in a particular, i.e. this, ‘certain set of attitudes or cultural commitments to problem solving’. I am, however, with Humphrey et al. (1993, see above) whose expla-
nation of the tendency for spurious objectification of public services is grounded in a political rather than sociological thinking.

It is instructive to turn to accounts of how the technique is being brought into practice by accountants. The evidence (Elnathan, 1996; Holloway et al., 1999; and Bowerman et al., 2001 forthcoming) indicates that management accountants in the private and public sectors alike have only really engaged in the ‘emulation element’ of benchmarking with respect to their own functional domain. In the benchmarking study in which I was involved, one local government authority was singled out for attention because no less than five benchmarking initiatives were underway in the finance function. Clearly, operational knowledge of its own functional domain meant that benchmarking could be used to take a profitable look in the mirror. Accountants were able, via this process of ‘self-benchmarking’, to use the technique to demonstrate that they were not on the sidelines as far as advances in their craft were concerned. In respect of other functional areas of local government, however, the emulation element of benchmarking (its key claim) is as good as outside the scope of what accountants are able or willing to do.

Such findings echo central themes in the relevance debate. As Armstrong and Jones (1992) recount, a central tenet of lost relevance is that there has been a trend away from management accounting techniques grounded in operational expertise. The ‘solution’ is a call for new techniques grounded in something more tangible than the refined ‘financial expertise’ which accountants prefer. In Armstrong and Jones’ (1992) terms, management accountants in the public sector, notwithstanding the opportunities presented by benchmarking for rediscovering an operational focus, are resisting the required directional shift implied by wider engagement with benchmarking across a full range of services.

In fact, it seems to be the case that the ‘financial’ (as opposed to operational) slant to which Armstrong and Jones refer is positively thriving as part of the public sector benchmarking experience. It would appear that public sector management accounting is able to resist pressures to rediscover ‘the operational’ because of the primacy of accounting data with a ‘financial management’ turn. Rather than becoming a vehicle through which accountants in the public sector can engage in the operational, benchmarking in the public sector, conversely, has become a vehicle through which accounting has been able to maintain its interest in familiar calculative routines.

The use to which benchmarking is put by management accountants in the public sector raises questions about the practice of management accounting as a distinctive craft. The nascent functionalist public sector benchmarking literature (see for example, Williams, 1996; and Bower-
man et al., 2001 forthcoming) confuses the use of benchmarking in connection with the management accounting ‘imperative’ of providing information for managerial decision-making (Burchell et al., 1980) with its use as a ‘solution’ to discharging the sector-specific goals of accountability and value for money (the elusive ‘improvement mission’ for the sector) to the tax payer. Williams (1996, 7–8), in what is effectively the CIPFA’s benchmarking handbook, suggests that benchmarking can even:

help… to identify which processes to improve; set targets for improvement; reduce costs; improve the effectiveness of operations; deliver services to a defined standard; focus on planning. Most importantly, benchmarking can help to lock your organization into continuous performance improvement…

At the same time, Williams (1996, 5) also discusses the motivation for benchmarking in the following terms:

[t]he need to demonstrate [services of the right standard at reasonable cost] to service users, auditors and regulators… will prompt organisations to seek comparisons through benchmarking.

In the public sector, management accounting has forged an apparently legitimate link with the second main element of benchmarking, performance measurement, with a tendency to focus in particular on what Holloway et al. (1999) have termed ‘information brokerage’. Information brokerage relates to the provision of data, often cost-based data, for others involved in benchmarking what they do. The Bowerman et al. public sector benchmarking study (2001 forthcoming) suggests that there is an array of manifestations of information brokerage in which accountants are involved. Much of this array, however, was derived from existing calculi. The Audit Commission’s2 practice of ‘compulsory benchmarking’ identified in the Bowerman et al. (2001, forthcoming) study is effectively a new codification for the Commission’s extant practice of publishing local authority performance indicators. It is interesting that against a backdrop of indifference to the results of this exercise, with the exception perhaps of local councillors in relation to poor results (Harbord, 1999), the term ‘benchmarking’ has permeated the vocabulary of local authority external auditors (see Ball et al., 2000, who discuss how auditors conflate the term ‘benchmarking’ with moves to establish a new evidence-based database for monitoring local authority performance).

My inference is that the associations of the term benchmarking provide a new legitimacy for an extant, and questionable, practice. Bowerman

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2 The Audit Commission was set up by a Conservative government in 1983 and is responsible for the audit of local authorities and National Health Service authorities, trusts and other bodies.
et al. (2001 forthcoming) also identify benchmarking in local authorities to justify claims about performance (‘defensive benchmarking’). Again, the term ‘benchmarking’, whilst it might be introduced in the name of the elusive ‘improvement’ mission, is implicated in an extant role for accounting. ‘Defensive benchmarking’ by local authorities reflects a traditional role of accounting in the sector, which is to render visible performance (cf. Ezzamel et al., 1997, 459, who discuss this role of accounting vis-à-vis the private sector).

The recent research evidence suggests that, in practice, benchmarking is being used to meet old demands, those demands which are intrinsic to the ethos of the sector. Its practice has rapidly become conflated with an array of extant accountability mechanisms for the sector. A parallel development has been the proliferation of accounting activity, albeit accounting activity that is diffused throughout the organisation rather than concentrated in a distinct accounting function. Research in the UK local government sector indicates that not only is benchmarking (Davis, 1998) burgeoning, it is not inconceivable to suggest that benchmarking will soon be part of the job of every service head in local government. A new stratum of operational accounting data is thus being produced in the name of benchmarking which does not in any way appear to displace the conventional accounting data already produced by the finance function. Yet another layer of opportunity is provided by the possibility of evaluating the progress of benchmarking (Dorsch and Yasin, 1998; Holloway et al., 1999; and Bowerman et al., 2001).

The corollary of all this is that the introduction of a new, ‘relevant’, management accounting solution has led, perversely, to a proliferation of accounting for control. The escalation of benchmarking is, indeed, redolent of Guthrie et al.’s (1999) suggestion of an ‘evaluatory trap’ in the public sector.

**Discussion**

Ezzamel et al. (1997) demonstrate how management accounting professionals in the private sector have utilised the counter-status-quo rhetoric of the ‘new management accounting’ to perpetuate their craft. Survival of the craft, however, has been traded-off against a number of real readjustments (p 461), particularly the promotion of accounting ‘to quantify and monitor human activities’ to other organisational specialisms and an increased involvement in the generation of non-financial accounting data. These readjustments lead Ezzamel et al. to question whether management accounting as a distinctive function can survive.

The use to which accountants in the public sector have put benchmarking indicates that there has been no need for any analogous
readjustments of the accounting craft; benchmarking has primarily provided a new guise for extant performance monitoring practices in the name of the improvement mission. Whilst other specialisms are engaging in generating accounting data in the name of benchmarking, this trend is perceived neither as a threat nor an opportunity; the pervasive drive for accountability ensures that there are benchmarking opportunities for all.

The alignment of the accounting profession in the private sector with the counter-status-quo rhetoric of the new management accounting can be explained by real threats to their managerial accounting niche. In the public sector the rhetoric of the new management accounting promotes a different kind of ‘relevance’. One fundamental difference that obviates the need for the readjustment of management accounting described by Ezzamel et al. is that the pervasiveness of the accountability imperative already compromises any distinctiveness management accounting might have had in the public sector. Rather, the case of benchmarking illustrates how the rhetoric of the new management accounting can be used to update the craft and maintain a ‘fit’ or relevance with the rhetoric of public sector reform. By tapping the rhetorical and symbolic power of benchmarking, accountants are complicit in legitimising the traditional demands placed on accounting by managerial and political prerogatives in the public sector.

Earlier in this paper, I singled out the example of a local authority finance function that was involved in five benchmarking exercises. In this case study of public sector benchmarking, finance function managers clearly believed that they were engaged in something close to the normative formulation of ‘best practice’ benchmarking. The following from the Assistant Director of Financial Services, Audit Matters (ADFSAM) gives a flavour of managements’ perceptions:

We [the ADFSAM and his counterparts in other local authorities] collectively agreed what the ideal process should be... best practice... We looked at how far each of us is achieving ideal or best practice. It then involved sharing what individual practices are. We have documented procedures and we share documentation. We have had a lot of round table discussion.

Yet in practice much ‘benchmarking’ activity was directed at producing results to illuminate performance to such ends as ensuring that elements of the function were sufficiently robust (in essence cost-efficient) to stand up to competition. In one of the five benchmarking exercises, private sector consultants were used to buy in comparative data on private organisations which compete for work against local authorities which put their services out to tender. The ADFSAM commented that:

It’s not beyond the imagination of my Director of Finance to get some stats and ask, why is Internal Audit costing X in relation to another
authority down the road… we’re all realists… there is no illusion that costs don’t matter… There is a clear political recognition that we all have to go through this…

Interestingly, where benchmarking did indicate that there was scope for service improvement (such as introducing document image processing), the finance function benchmarkers already had a good idea of specific things they needed to do to conform to existing notions of best practice in their services before they embarked on their benchmarking project. Notwithstanding these admissions, these finance function benchmarkers believed that their benchmarking experience was authentic.

The alignment of benchmarking with what is ‘new’, and therefore legitimate management thinking, renders it a highly pragmatic management tool for a reforming central government and players in public sector organisations that are subject to reform to have adopted. In practice, however, benchmarking is operating primarily as a calculative accounting technique, albeit with the notions of seeking out ‘best practices’ from elsewhere, and innovation still allied.

Notions of best practice and innovation are objectified by the use of benchmarking in standard setting. Bjørnenak and Olson (1999, 332) argue that, traditionally, accounting sets normative standards for cost based on ex post benchmarks, which are essentially descriptive. Benchmarking, conversely, introduces the possibility of introducing normative pressure in stating how performance should be. The appeal of such arguments has not been overlooked by public sector reformers. Bowerman and Ball (2000), for example, examine how central government has exhorted local government authorities to use benchmarking as a means of establishing performance targets based on the ‘best’ amongst the public and private sector organisations. In practice, however, they found that benchmarking in local government was largely carried out in–sector, and that effort tended to be concentrated on producing adequate comparisons.

A number of interpretations of this state of affairs are possible. One is that the normative pressures exerted by central government in the local authority sector is intended primarily to bring the worst performers into line, rather than having any connection with ‘innovation’ in public services.

Alternatively, insights are provided by Armstrong’s (1995) thesis that the evolution of accounting techniques (and we can include benchmarking in this) is dependent on their fitting or ‘conforming to business common sense’ (p 13). Accounting techniques are adopted so long as they do not offend what management already know:

[T]he search for improved methods of cost accounting takes the form of attempts to recover the tacit principles assumed to underlie mana-
geral common sense. In itself, such an enterprise cannot end in discovery because the results of any new method must already be “known” to managers… (p 10).

Researchers into the public sector benchmarking experience have presented no compelling evidence to suggest that benchmarking has yielded any real surprises; benchmarking is about efficiency gains at the margin rather than any real innovation (cf. Bowerman et al., 2001). All this would be entirely consistent with the central governmental view that standards in public service provision have to go up (see for example, DETR 1998). Resonant of Armstrong’s (1995) thesis, benchmarking is a vehicle for confirming what both management internally (and central government externally) already knew about which public sector organisations were where in their respective league tables, and how much they needed to improve.

Benchmarking can thus be viewed as a useful means of tackling the devisedly intractable ‘problem’ of control versus decentralised empowerment in the context of a public sector reform agenda. The decentralisation of authority in various guises has placed considerable demands on management accounting. Ezzamel et al. (1997) in their study of new management accounting for instance describe an inherent tension between the ‘release of entrepreneurialism’ associated with new management practices such as empowerment and the ‘continuing importance attributed to organizational control and coherence.’ They go on to assert that accounting, however, ‘through the capacity to convert human performance into financial and non-financial measures’ (p 458) was observed to square this particular circle in supporting a desired level of accountability, or top management’s hold over control.

In the contemporary public sector, the case of benchmarking illustrates that accounting of this ilk is highly developed. There need be no search for relevance whilst accountability remains a central tenet of public service provision. All that is needed from accounting is a little updating in line with shifts in government thinking. Benchmarking will no doubt be superseded, and there is, conversely, no reason why it should not endure so long as the idea has meaning (cf. Abrahamson, 1997). Again, it is instructive that Holloway et al. (1999) recognise a need to distinguish benchmarking from ‘the myriad approaches to performance measurement and improvement which are …found’ (p 7). They suggest that benchmarking is now routine (i.e. not new) in many (private sector) organisations and that it is “increasingly being superseded by more fashionable approaches to performance improvement” (p 7). Evidence from the Bowerman et al. study (2001 forthcoming) suggests that benchmarking in the local government sector lags behind experience in this field in the private sector, with benchmarking approaching the middle, rather than the end of its life cycle.
Conclusions

The observation that accounting is central to an on-going drive to reform the public sector is hardly new. The case of benchmarking, however, illustrates that a ‘new’ accounting has been appropriated by public sector reformers and the accountants who serve information ‘needs’ generated by the dichotomous ‘problem’ of central governmental (fiscal) control versus decentralised empowerment. The degree to which benchmarking has been subsumed into established patterns is striking. Benchmarking simply slides into meeting old demands for accounting for control, yet at a stroke, the craft is updated and aligned with ‘new’ management thinking.

In their own quest for legitimation, and it is possible that this is their own ‘relevance’, public sector accountants have been happy to self-benchmark, but there has been no move towards a relevant accounting focussed on what gets done at the operational level of service provision. Whilst benchmarking generates much new operational data, none of which data is used as for managing services. Public sector accountants are failing in some of their most basic functional imperatives.

An interesting question in the literature in this field is whether management accounting can survive as a ‘distinctive and ubiquitous’ practice (see for example Ezzamel et al., 1997; Seal, 2000) in the face of its lost relevance. In the public sector, the predominance of the accountability imperative suggests that management accounting never was ‘distinctive’ in the same sense. The generation of external accounting information would also appear to be crowding out any development of management accounting for services per se.

Indeed, it may be inappropriate to use the term ‘management accounting’ as such in the context of the public sector. These findings echo Miller’s (1998) suggestion that in parallel with the ‘rediscovery of the factory’ (p 617) there are also ‘developments which go in the other direction, inwards towards accounting’s ideal of producing a factual and financial calculus of economic relations, rather than outwards towards adjacent bodies of expertise’ (p 618).

In the public sector, the accounting ideal is central—driven by central government’s obsession with transparency. It is here that public sector accounting is mired.

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