

# ASPECTS CONCERNING THE METHODOLOGY OF BENCHMARKING IN THE EUROPEAN UNION SPACE

Professor PhD **Daniela HÎNCU**

The Bucharest Academy of Economic Studies, Romania

**Amalia Venera TODORUȚ**

The "Constantin Brâncuși" University from Târgu-Jiu, Romania

## ABSTRACT

*In this work I proposed myself to treat a series of aspects bound to the promotion of benchmarking in the European Union space. In an aggregate economy, Europe needs a high level of competitiveness to guarantee the standard of its life. Therefore, the competitiveness benchmarking proposes itself, as a long-term objective, to create a lasting prosperity. Within my work I have interpreted the concept of benchmarking from more perspectives and I have shown which the specific methodology of implementation is, thus distinguishing the stages and the steps to be followed. I have also shown which the characteristic features of applying the benchmarking techniques are in the conditions in which the Romanian enterprises operate, setting off some adaptations necessary for the application of the benchmarking techniques, on phases and stages of a process.*

**KEYWORDS:** *benchmarking, competitiveness, quality, process, performance.*

## 1. Introduction

The beginning of the new millennium has brought and will bring an increasing globalization of the economies in Europe with companies competing more and more on an enlarged number of different markets, both internal and international. The use of some modern methods and techniques of management is imposed, which play a constructive role in the improvement of the European competitiveness. Benchmarking is an operational mechanism which can lead to a competitive economy and European society.

The competitiveness benchmarking proposes itself, as a long-term objective, to create a lasting prosperity and to contribute to the projection of a society based on innovation and economic development. Benchmarking supposes common objectives and the use of all the involved actors in the changes process and must serve as an instrument in the realization of a consensus which is fundamental for the initiation and the change's supporting – even if it is about the development of the enterprising spirit and mobility, or the introduction of some new forms of organizing in enterprises, or about the aspects bound to the surrounding environment or the reform of the health sector. The partnership and the consensus develop the adaptation capacity to changes and allow the full use of people's potential.

Referring to the benchmarking of the competitiveness politics, it is shown that: "The positive approach is bound to the identification of best politics in certain specified conditions. The clause of specificity is very important. Without a detailed knowledge of the conditions in which a politics can prove to be a success, the exercise of benchmarking can offer wrong conclusions, because similar politics can not generate identical results in different contexts." (Croitoru C., Russu C., Târhoacă C., Van Zon H, 2003)

The conditions, in which the enterprise develops, consist of essential elements of competitiveness. Therefore, these conditions must be revised and adapted individually. Benchmarking can help governments to identify and follow, worldwide, where there are the most efficient conditions which determine the getting of some high economic and social performances.

Benchmarking can be interpreted under more aspects. Thus, the Rank Xerox firm defined benchmarking as being “the long-term process of measuring products, services and business practices of a firm comparatively to its most performant competitors and with the companies recognized as being performant” and as “a long-term and systematic process of the companies’ evaluation recognized as market leaders, as determining the manufacture business and processes representing the best practices and as getting some reasonable performance objectives” (Zairi M., 2000).

According to the American Productivity and Quality Center (APQC), “benchmarking is a measure highly realized, which is recognized as a standard of perfection for that business process” or “benchmarking is a process of long-term measurement and of comparing an organization with others worldwide with the best results, view to getting information to help the organization to take measures of developing its performances” (Mitu S., Neagu M., Frumușanu G., 2000).

In the “Benchmarking and competitiveness in the European industry” (EOQ, 2000) communicate, benchmarking is defined as “an instrument which helps enterprises, industries and public authorities to improve their performances in critical processes, dimensions and areas which affect competitiveness”.

## **2. The benchmarking Methodology**

Benchmarking can be considered a strategy on more levels which aims the efficiency growth, the quality improvement of the offered services and the initiations of the necessary changes in this purpose. The total commitment of the executive leadership is the necessary condition to overtake the resistance to change and to obtain at the same time support in what concerns the realization of the activities which determine the change.

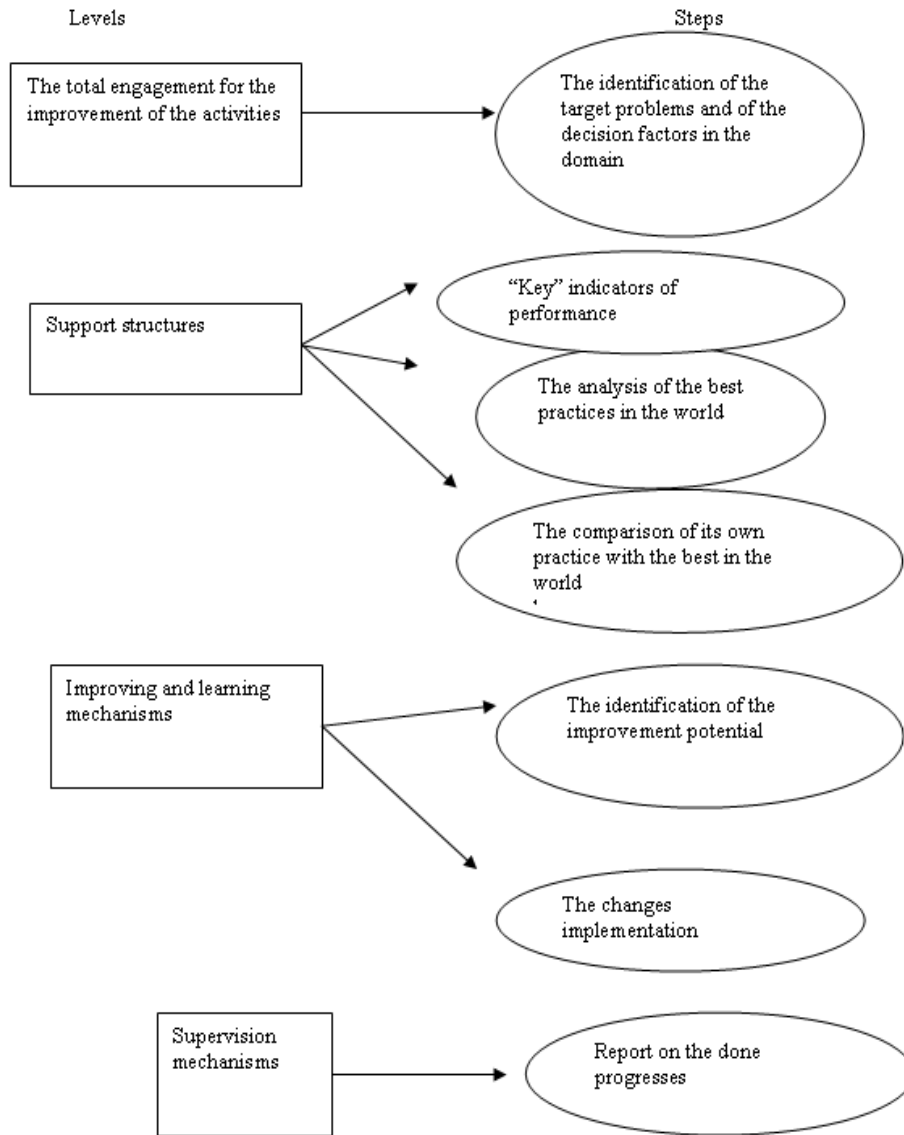
The factors of competitiveness recently appeared for the enterprises in the conditions of the economy globalization include innovation, the informational society, human resources, education, lasting development and environment.

Benchmarking in the European institutions is applicable to the politics objectives and thus, it must be understood as an instrument which helps to elaborate politics. This consists of more elements and procedural steps. It must uphold on research and use quantitative and qualitative indicators at the analysis of the best practices. The level quotes (benchmarks) indicate the level of performance as well as the target to be aimed. The best practice demonstrates how this target can be reached. The knowledge of the best practice can be a good occasion and a stimulant for those who elaborate politics, to improve their performances and even to surpass their proposed targets.

As a systematic process of comparing with “the best in the world”, benchmarking involves a few stages from the moment of object defining to the implementation phase. The process is systematically presented in the following figure:

These steps form the base for a universal methodology of benchmarking. How this formed in enterprises, view to improving performances and the productivity imposed by the competition globalization, this methodology is applicable and accessible especially at the enterprise level where the possibilities of improvement can easily be identified and implemented. In the private sector, as a rule, there are no limits in approaching this

methodology, which can be applied for entrances, methods, processes and long or short term objectives. The available types of benchmarking can be applied both at an intern level (comparing entities of the same entities) and extern (the comparison of some entities with similar traits), as well as to products, operations (comparative analyses of some specific operations, functions or processes) and strategies (establishing the targets and the objective to be reached).



**Figure 1 The levels and the running steps in the benchmarking process**

If we refer only to the general environment of the requested conditions, it can be said though that there is no methodology with a universal applicability. It is harder to compare the activities, the efficiency and production in public services, or in politic domain, than in private sector. While the governmental institutions with responsibilities in the infrastructure domain must consider benchmarking as an instrument for the performances improvement, the obligation of identifying and implementing the measures necessary for changes is more complex.

The simple copying of a factor or politics may not lead to the getting of the desired performance. What is important in applying the benchmarking is the identification of the steps to be followed for each and every factor. Benchmarking reclaims a consistent set of definitions for the components of the numerous factors involved in the process and a correct understanding of the support goal and politics.

So, a project – benchmarking frame, must be oriented to the inputs and outputs of some processes to stimulate their development. But this must also vise the efficiency of politics in the domain. Thus, the interaction of a great number of indicators makes the benchmarking task to become more complex as the performance of an indicator to be influenced by another variable, or frame-condition, which must be identified, defined and measured. The use of benchmarking must be oriented to the identification of the effects specific to the operation frame of the selected process, which can serve to the information supply for the support of those who elaborate the politics of the process improvement.

### **3. Particularities of applying the benchmarking techniques in the conditions in which the Romanian enterprises operate**

At present, there are relatively a few new firms with private capital, equipped at the level of the nowadays technique, with an adequate culture and managerial practices for the benchmarking implementation in the forms described in the literature of specialty. Therefore, adaptations and overtones are imposed.

In the following, there are presented some necessary adaptations for the appliace of the benchmarking techniques, on phases and stages of the process:

- **In the collecting and planning phases.** Immediately after the focusing of the area which makes the benchmarking objective, the identification of the critical factors of success is necessary for the benchmarking project pass. As it was shown, in the organizations which implemented the quality management, there is already an inventory of the critical factors of success or data to facilitate the quick inventory of these.

The team which realizes the benchmarking process will have to take into consideration certain circumstances, allocating supplementary time and resources for the correct identification of the critical factors of success. Considering the benchmarking process cannot go on without the complete solution of this problem and that the supplementary time allocated leads, inevitably, to the increasing of the total duration of study, there is a problem in plus for the team: the very rigorous planning and the respect of terms, thus the total duration remains within the limits in which the experience has demonstrated that the success can be assured.

Benchmarking appeared and developed in the countries with a market economy which offers similar fundamental conditions, such the more frequent demand of the best practices outside the borders of a country did not raised major problems of adaptation. In these conditions, the preliminary selection of the possible benchmarking partners realized itself having as fundamental criteria the critical factors of success (Scurtu V., Russu C., Popescu I., 2006).

• **In the analysis phase.** The people who lead the study of benchmarking must understand the external environment.

An important objective in the studying of the external environment is the determination of opportunities and threats which come from these. The opportunities are the conditions of environment which can help the firm to realize the strategic competitiveness. The threats represent those conditions which keep down or embarrass the efforts of a firm to realize a strategic competitiveness. The adaptability to the Romanian enterprises conditions of the identified improvement solutions through usual benchmarking techniques must be assessed under three aspects:

1) The measure in which the general environment can create obstacles for the introduction of the identified practices, on its different components: the economic segment: the inflation rate, the interest rate; the politico-legal segment: laws concerning duties and taxes; the technologic segment: the levels of telecommunications, the infrastructure compatibility.

In the Romanian economy, the establishment of an adequate level of the actualization rate necessary for the real assessment of projects is a complicated problem, because of the weak functioning of the capital market, the existing inflation which deforms the interest rate etc.

2) The measure in which the conjuncture conditions can lower the effects of applying the practices:

- The politico-legal segment: the legislation concerning the economic agreements, competition;

- The socio-cultural segment: the staff mentalities and attitudes.

3) The measure in which the benefic effects of the benchmarking project justifies the efforts:

- in the conditions in which the introduction of the best practices by an economic agent from Romania needs a significant investment effort, the possibility indicators can be at the moment, weaker than those which can be obtained with the same project in the developed countries, because of the conditions of getting a loan, the high level of fiscality etc.;

- less significant contributions to the costs lowering, because of the low wages in our country.

To take decisions in such circumstances a multi-criteria analysis is necessary, to identify all the advantages of such a project, inclusively of the most difficult to be quantified (not finally the possibilities of superior capitalization of the products on market, thanks to their qualitative improvement) and to find a way to express them.

• **In the adaptation phase.** The success of the benchmarking project will open, for the economic agent, the path to a process of long-term improvements. As the progresses are registering, the importance of accuracy and the rapidity of measuring and processing the data referring to the recorded progresses grows.

The process supervision is burdened by the lack, at the majority of the Romanian firms, of adequate instruments: supervision systems to measure the main indicators of performance. The registration of the economic agents from Romania in the general evolutions registered worldwide, as well as in those which will outline the following years involves, first of all, changes in the managers mentality and especially, in the firms' executives.

#### 4. Conclusions

At a European level, the benchmarking over the frame conditions for the industrial competitiveness is mainly a problem of information and communication with the areas where the changes are implemented view to encourage the best practices. The target of all the activities is to reach to consent over the acute problems, to organize the work of the actions preparation, to do an information change and to expose the cases of good practice. Those who elaborate the practices must be convinced to promote the best practices in the politics domain found out in the world or on a European plan.

The benchmarking goal at the European Union level is to realize a competitive economy and European society.

#### References

1. Croitoru L., Russu C., Târhoacă C., Van Zon H., - *The Industrial Politics of Romania from the Perspective of Adhering to the European Union*. - Pre-Accession Impact Studies, the European Institute from Romania, 2003.
2. Falniță E., -*The Total Quality Management*, Mirton Publishing House, Timișoara, 2007.
3. Mîtu Șt., Neagu M., Frumușanu G., - *Benchmarking*, the Publishing House of the University Foundation "Dunarea de Jos", Galați, 2000.
4. Nicolescu O., Nicolescu L., - *Economy, Firm and the Management Based on Knowledge*, the Economic Publishing House, Bucharest, 2005
5. Paraschivescu A. O., - *The Quality Management* – The Tehnopress Publishing House, Iași, 2006.
6. Stanciu I., - *The Total Quality Management*, The Publishing House Carta Universitara, Bucharest, 2004
7. Scurtu V., Russu C., Popescu I., - *Benchmarking – theory and applications*, The Economic Publishing House, Bucharest, 2006.
8. Verboncu I. - *Do we know to manage?*, The Economic Publishing house, Bucharest, 2006.
9. Zairi M. - *Competitive Benchmarking an Executive Guide*. TQM Practitioners Series, The Technical Communications Publishing House, LTD - London 2000.