

BENCHMARK STRATEGIES AND COMPETITIVENESS

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ABSTRACT

This study examines benchmark strategies and competitiveness. The study adopted dimensions of benchmarking strategies as Competitive Analysis, Monitor Performance, Planning and Goal Setting while measures of competitiveness are performance, quality, productivity, innovation. The study reveal that benchmarking strategies is relevant and imperative to enhance organizational performance in a business environment where competitiveness is the order of the day. Benchmarking as a tool helps companies to position themselves in the market place. Decision makers are persistently on the lookout for techniques to facilitate quality enhancement. Benchmarking, in recent times, occupies a prominent place, helping quality up gradation. Benchmarking is imperative for performance and the study highlights the diverse crucial aspects of benchmarking process, which proves essential for successful implementation. The study thus recommended that organizations should adopt adequate benchmarking strategies in order to enhance competitiveness and optimal organizational performance.

INTRODUCTION

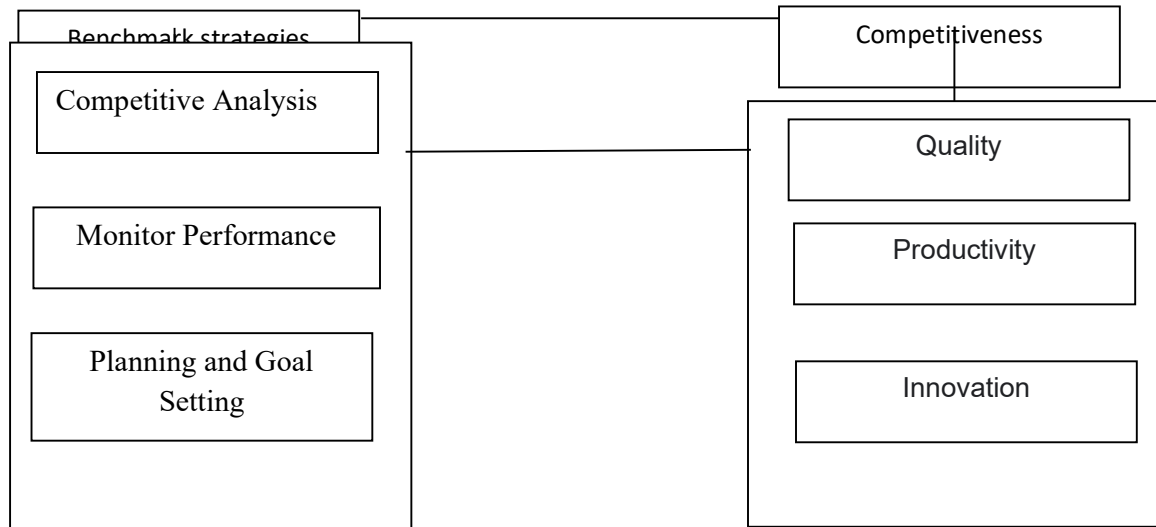
In today's highly competitive, rapidly changing global economy, organizations have been compelled to consider and implement a wider variety of innovative management philosophies and techniques. Benchmarking as a technique has been attracting considerable attention for its effectiveness (Agndal and Nordin,2009). Benchmarking is a tool commonly used while firms compete with each other. In our daily lives, we use benchmarking for various aspects like, which is the best cricket team, which is the best car etc. Benchmarking is normally about obtaining understanding through a comparative study and applying it to upgrade of processes, products or services. The conception of a benchmark begins from land surveying, being a point of indication of known altitude against which other objects are evaluated. Frederick Taylor introduced the term in his scientific management practices and benchmark became the competence standard by which a job could be performed. (aderson and Mcadam,2004). Totalquality management movement wherein tangible measurements and hard data were often the measures used, consequently picked up benchmarking as a comparative process to review quality. Metrics acknowledged the higher performance organizations and the "size of the opportunity" for others (Asrofah et al,2010). Benchmarking then stretched out to integrate analysis of processes, from which information was attained on how to close the gap to accomplish better performance. Benchmarking is therefore principally a learning experience. The concept of benchmarking first came to prominence in business, originally in Japan and then was implemented by firms such as Rank Xerox, as a means of discovering and learning from 'best-in-class' practices or products from different places (Barber,2004). Benchmarking is a procedure whereby business firms look further than their precincts as a means of learning and invigorating improvement. There is no singular conventional definition of benchmarking, but it is usually considered to be a method of making enhancements by making evaluations, and learning the lessons these comparisons engender. Benchmarking exercises have become progressively more accepted, inside the sphere of policy-making in modern times, with some researchers in contention that benchmarking, undertaken vigilantly and evocatively, is an indispensable precondition for conversant and premeditated policy-making.

Many firms have taken benchmarking as a significant business model for enhancing organizational competitiveness (Beatham et al,2004). Such organizational-level studies focus on the effect of organizational factors (e.g. strategy operation, customs, management styles) on the overall achievement of the institution. (Bjorlund,2010). Organizational competitiveness is translated into organizational monetary performance and market arrangement and overall competitive benefit (Beatham et al, 2004)

CONCEPTUAL FRAMEWORK

Independent Variable

Dependent Variable



Source: researcher conceptualized (2021) and Allan (1997)

REVIEW OF RELATED LITERATURE

Conceptual Review

Concept of Benchmark

The noun benchmark in Merriam-Webster, has its original meaning as: Something that can be used as a way to judge the quality or level of other, similar things.

This word has migrated into the business world, where its meaning is comprehended as: A benchmark is a measured "best-in-class" achievement recognized as the standard of excellence for that business process. Benchmarking is the practice of being humble enough to admit that someone else is better at something, and being wise enough to learn how to match him or her and even surpass them at it (Bouchereau,2000).

Benchmarking is concerned with attaining knowledge through comparative study and using it to advance internal operations or processes (Bowerman et al,2002). Benchmarking is described as a euphemism for legally ripping off someone else's idea (Bjorklund2010). What often gets copied in benchmarking are only the indication of success instead of the causes of success. This definition captures the quintessence of benchmarking, namely learning from others. The term benchmark in all probability formerly comes from geographic surveying, where points in the terrain were given with position to a fixed point, often a tall peak or some other easily identifiable and definable point. At this point, two stone slates were raised

Benchmarking is broadly used as a tool to enhance performance (Cassell,2001), remove the process of trial and error, increase productivity by growing new products and develop customer gratification. Benchmarking has been defined in literature differently. A very

prevalent definition given by Camp(1989) as cited in Chi et al (2011) is to look for the cream industry practices that, will direct to excellent performance because of the execution of these cream practices.

According to Cvetkovic and Arsic (2010), benchmarking signifies a style of management tactic described by executing the cream practices discovered in the same industries or even in different industries to enhance the performance of a workplace. Also, it has at least four major aims, as: Measure one's inner performance levels and those of the leading competitors; Compare performance levels and recognize extents of relative merits as well as demerits; Identify significant performance gauges for every role of a business process; Execute plans to block a performance space among inside processes, as well as, leading competitors.

Techniques to Benchmarking

There are many forms of benchmarking. In a study, Chia et al. (2009) proposed that there are three forms of benchmarking as internal, external and best practice, benchmarking based on what takes place benchmarked as functional, performance, generic, process and strategic or who take place benchmarked as internal, competitive or non- competitive. benchmarking based on who takes place benchmarked as internal, as competitor, industry, generic, global, content of benchmarking as process, functional, performance, strategic next aim of the relationship as: competitive and collaborative.

There is a need to evaluate by every organization carefully in its viewpoint that what benchmarking is and how they need to utilize this process. The organization needs to determine whether their focus is only on financial outcomes or on just meeting customer needs. This is the only effective and best way to initiate the benchmarking process.

Process of Benchmarking

The process of in what manner to execute the benchmarking process is a different concern where each process involves many steps. For example, Xerox practice of benchmarking encompasses ten steps, and TRADE practice encompasses five steps. Likewise, Beatham et al (2004) claimed that benchmarking points to attain incessant developments by applying five steps. However, benchmarking methods vary from company to company, as to say which method is best, is difficult to decide.

Thus, the key steps involved are: firstly, measure the performance of the best-in-class comparative to significant performance variables as cost, quality, and productivity; secondly, determine in what way the levels of performance are attained; and thirdly, utilize the information to improve and implement a plan for development.

Dimensions of Benchmark Strategies

Benchmarking is the process through which enterprises concentrate at the "tops" in the industry and attempt to copy their models and practices. This assists organizations to decide what they might be performing improved. In the words of Allan (1997) as cited in Bowerman et al (2002), the determination to start benchmarking is precious to enterprises by initiating up many different views to methods, practices, and concerns.

Competitive Analysis: Competitive analysis refers to evaluating and examining the relative strengths, as well as weaknesses of competitors, also enables the organization to consider that, among the competition, where it stands. Also, the relative advantage of the competitors in the industry is assessed. This assists an organization to improve and benchmark existing performance, compared to competitors.

Monitor Performance: Benchmarking plays a critical role in enhancing organizational strategy, best practices, and overall organizational performance. Furthermore, consider for efficient utilization of resources and improve a certain section of a business. The performance of the organization depends on improvement. Improvement means something that progressively appreciates or moves forward over time and is continuous not once improvement.

Benchmarking establishes methods of measuring each area in terms of units of output as well as cost. Benchmarking evaluates performance and wishes to improve it by assisting in setting attainable goals that have already been proven effective (Barber,2004).

Planning and Goal Setting: As soon as benchmarking is approved, goals and performance metrics are set to improve performance. Besides, benchmarking has a crucial role in supporting the process of budgeting, strategic planning, as well as capital planning (Aderson and McAdam 2004). These objectives are contemporary, further competitive targets for an established but still achievable goal. Further, identify effective goals as well as set measures of productivity. If goals are unlikely to be attained, teams get discouraged and goals remain unfulfilled.

The Concept of Competitiveness

According to Bjorklud (2010), Competitiveness is the demonstrated ability to design, produce and commercialize an offer that fully, uniquely and continuously fulfils the needs of targeted market segments, while connecting with and drawing resources from the business environment, and achieving a sustainable return on the resources employed. The importance of competitiveness in driving firm survival, growth and trade make it a key element in economic development.

Competitiveness is a driving factor that makes people work very hard, fosters personal development. Since such people are unwilling to be left out of competition, they have that inner drive to study more, work harder, and always improve on what they know or what they have. The top paying jobs are highly competitive.

How to gain Competitive Advantage

1. Create a Corporate Culture that Attracts the Best Talent.
2. Define Niches that are Under-served.
3. Understand the DNA Footprint of Your Ideal Customer.
4. Clarify Your Strengths.
5. Establish Your Unique Value Proposition.
6. Reward Behaviors that Support Corporate Mission and Value.

Measures of competitiveness

Quality

Quality – or high quality – has a pragmatic interpretation as the non-inferiority or superiority of something; it's also defined as being suitable for its intended (fitness for purpose) while satisfying customer expectations. Quality is a perceptual, conditional, and somewhat subjective attribute and may be understood differently by different people. Consumers may focus on the specification quality of a product/service, or how it compares to competitors in the marketplace. Producers might measure the conformance quality, or degree to which the product/service was produced correctly. Support personnel

may measure quality in the degree that a product is reliable, maintainable, or sustainable (Anderson, 2004).

Productivity

According to Bjorklunde, (2010) Productivity is the efficiency of production of goods or services expressed by some measure. Measurements of productivity are often expressed as a ratio of an aggregate output to a single input or an aggregate input used in a production process, i.e. output per unit of input, typically over a specific period of time. The most common example is the (aggregate) labor productivity measure, e.g., such as GDP per worker. There are many different definitions of productivity (including those that are not defined as ratios of output to input) and the choice among them depends on the purpose of the productivity measurement and/or data availability. The key source of difference between various productivity measures is also usually related (directly or indirectly) to how the outputs and the inputs are aggregated into scalars to obtain such a ratio-type measure of productivity.

Innovation

Innovation is the practical implementation of ideas that result in the introduction of new goods or services or improvement in offering goods or services. ISO TC 279 in the standard ISO 56000:2020 defines innovation as "a new or changed entity realizing or redistributing value" Innovation is a process by which a domain, a product, or a service is renewed and brought up to date by applying new processes, introducing new techniques, or establishing successful ideas to create new value. The creation of value is a defining characteristic of innovation.

Relevance of benchmarking strategies in competitiveness

"Benchmarking is setting standards that have objectivity and can be achieved with improvement in current business process or ways of doing business. E.g. In sales usually the last quarter targets achieved over estimates may be benchmarked standards set for next quarter. Another e.g. for process of business would be, the best performer in the industry vs. your performance. Factors generally used to set standards would be at large, around three things which are quality, time and cost. Of the three above, one or two or all three would be at the denominator to set standards." Benchmarking is a procedure where we can compare two or more Business Processes with our own business process in order to improve ourselves and achieve our ultimate goal i.e., Success.

Benchmarking is the measurement of the quality of an organization's guidelines, programs, stratagems, etc. and their assessment with standard measurements, or comparable dimensions of its peers (Anderson and Mcadam, 2004).

Benchmarking is the process of measuring an organization's internal processes then recognizing, comprehending, and acclimatizing outstanding practices from other businesses considered to be best in the sector that you belong to. It's imperative that you reach outside and above your own industry into other industries that perform similar processes but you have to perform this process extremely well in order to have an edge and succeed above your competitors (Barber, 2004).

Benchmarking strategies enhance competitiveness as it help organization to perform the following functions as stated by Bowerman et al., (2002): Strategic alignment with Business Vision & Planned Objectives, Clear image of the organization performances, Continuous improvement to achieve excellence, Ability to improve, Tame delay to improvement, Financial savings Operational improvements, Increased process thinking, Innovation diffusion, Sensitivity to changes in the external environment, Monitoring & evaluation of performance with players of the same industry & outside, Top Management support, Identify gaps in

performance and execution , Provide external perspective, Goals set on external reality to close gaps and Personnel's implication and in consequence the recognition of the individual and of the team merits.

Theoretical Foundation

This study is anchored on some management theories of entrepreneurship such as; resource based theory, organizational learning theory and Machiavelli theory of entrepreneurship.

Resource Based Theory by Barney and Lasonde (1991).

The resource- based theory of the firm propounded by Barney and Lasonde (1991) is regarded as one of the theories of strategic management that is widely referenced particularly because of its practical relevance to contemporary management practices.

Resource-based theory suggests that resources that are valuable, rare, difficult to imitate, and non-substitutable best position a firm for long-term success. These strategic resources can provide the foundation to develop firm capabilities that can lead to superior performance over time. Capabilities are needed to bundle, manage, and otherwise exploit resources in a manner that provides value added to customers and creates advantages over competitors.

In accordance to the view of resource-based theory, organizations that own "strategic resources" have imperative competitive advantages over organizations that do not have. Some resources, such as cash and trucks, are not considered to be strategic resources because an organization's competitors can readily acquire them. Instead, a resource is strategic to the extent that it is valuable, rare, difficult to imitate, and non-substitutable.

Element of Resource Based Theory

A resource must fulfil the "VRIN" criterion in sustainable performance. A "VRIN" criterion is explained thus:

1. **Valuable (V)** – Resources are valuable if they provide strategic value to the firm in exploiting market threats, etc. There is no advantage in the possession of resources that do not add or enhance the value of the firm.
2. **Rare (R)** –The resource must be difficult to find among the existing and potential competitors of the firm. Hence, the resource must be rare and unique to offer competitive advantage. Resources that are commonly available cannot be useful in the design and execution of unique strategies.
3. **Imperfect Imitability (I)** – This means that making or imitating a copy of the resource will not be feasible. Bottlenecks for imitability can be many. There can be difficulties in acquisition and ambiguous relations in converting capability to competitive advantage.
4. **Non-substitutability** – Non substitutability of resources implies that the resources cannot be substituted or replaced with an alternative resource to achieve competitive advantage. If another firm can use a substitute resource to achieve same goal, the "VRIN" criterion is broken.

Barney (1986) noted that valuable resources must enable a firm to do things and believe in ways that lead to high sales, low costs, high margins, high financial value to the firm and greater overall efficiency and effectiveness. When such resources are bundled or combined, they can be mutually reinforcing, further differentiating the firm's capabilities.

This theory has important implications for entrepreneurship research. Entrepreneurial opportunities can be expressed as an entrepreneur's unique insight into the value of particular resources that established firms may not yet possess. This perspective places emphasis on striving for uniqueness rather than trying to be best company across all metrics.

Organizational Learning Theory

One of the most influential concepts in the organizational learning theory is the notion that we learn from our mistakes. This idea was developed by Chris Argyris and Donald Schon 1978, who suggested that learning takes place through the process of detecting and correcting errors.

The theory of organizational learning focuses on the creation of knowledge and the use of that knowledge within an organization. Key aspects of organizational learning theory are that learning happens when people interact while finding and solving problems. Organizational learning theory stresses the importance of developing a learning culture within an organization.

According to this theory, organizations should: Develop a culture that prizes knowledge sharing; Take time to learn the lessons that failure can teach; Encourage employees of all levels to continue their education on a regular basis; Allow individuals and teams to challenge the status quo of the organization. The importance of organizational learning is shown by the various benefits that occur in organizations that develop a learning culture: Increased employee job satisfaction; Lower turnover rates; Increased productivity, profits and efficiency; Developing leaders at all levels; Enhanced adaptability throughout the organization.

When organizations dedicate time and resources to developing a learning culture and implementing organizational learning, they are more competitive. This increased ability to react quickly to fast-changing market conditions is just one of the reasons why organizational learning is important. An organization that embraces the lessons that can be learned from failure and studies its own processes will be an organization that contains more knowledge about best practices, and will be much more able to adapt. By creating an environment where all employees are teachers and students, there is an equal exchange of information that allows each person to contribute in a substantial manner.

Machiavellian theory of Entrepreneurship by Niccolo Machiavelli (1513)

Machiavelli compared ascendancy to leadership to that of war situation which he maintains that the competitor should be crushed completely. In his further analysis, he explained that the sky might be big enough for all the birds to fly, but when it's overcrowded, the journey becomes less pleasurable. It's usually better to enjoy the airspace all alone. This implies that an entrepreneur should use all available means to eliminate competitors and take leadership in the market.

Contributions to Economic Development:

This principle of Machiavellian may help entrepreneurs especially those of first movers in the industry to skillfully devise creative and unorthodox means of thwarting competitors in the industry. Such unfavorable tactics may include: price crashing, lock in customers with loyalty and high cost of change, buy off the competitors' products in the market to prevent customers from accessing it and constant promotions to leaving competitors in a struggling situation to keep up, thereby creating near monopoly in the industry.

Findings

Benchmarking is an objective management tool for measuring quality. It is often complex for people to be objective about things with which they are associated. Benchmarking enables people to contrast and evaluate their business to other business organizations in their sector, of the same size. It allows them to comprehend what others are doing to get their levels of performance and can help them recognize key issues the company faces if it is to develop performance. Benchmarking also provides the chance to compare a business against international best practices and performance. By accessing international benchmarking tools, small and medium-sized companies can gain important insights into how their international

competitors work. Given the mounting levels of competition from companies located overseas, this is very imperative. It provides a means of identifying real competitiveness levels and of learning how to accomplish them. Benchmarking also provides a rational way to help business prioritize their enhancement actions. Few, if any, small and medium-sized companies have spare resources, whether of time or funds, to be able to embark upon all their issues at one time. In addition, many managers confronted with identifying issues in areas of the business they may not be comfortable. Often, managers in small and medium-sized companies wear more than one "hat", and can be deficient in the training or experience to spot issues outside their primary area. By using a benchmarking approach that addresses the crucial areas of a business, they can be helped to identify true issues and to assemble actions to address them, in a prioritized way (Bowerman et al, 2002).

Benchmarking highlights problem areas and the potential for enhancement, providing an inducement to change, and assists in setting targets and devising plans and strategies (Agndal and Nordin, 2019). One of the most significant benefits of benchmarking is the discovery of revolutionary approaches, leaders would know how their institution rates in definite areas in comparison with others, determine their competitive position relative to others, and also know how their institution can be enhanced (Beatham et al, 2004). According to Agndal and Nordin (2009), the greatest benefits of the benchmarking process are, that it allows work that is more efficient and involves managers proactively in the process rather than depending exclusively on results. It can be used to improve performance by helping managers understand the methods and practices required to achieve higher performance levels (Bowerman et al, 2002). Therefore, the general purpose of benchmarking its function as an assessment process, is to encourage continuous learning for both managers and organizations (Barber 2004). The findings from benchmarking enable organizations to prioritize resources and use their resources to best outcome. Benchmarking guarantees, that plans are carried out and demonstrate areas of merit to stakeholders. To capitalize on the benefits of benchmarking, institutions must undergo a thorough self-analysis and have a clear understanding of their own procedure (Beatham et al, 2004) which may be more constructive than the comparison with another organization.

According to Anderson and McAdam 2004, the use of benchmarking should be extended beyond the comparison of lagging performance measures. Although lagging indicators are important to assess the achievement of a company's strategic objectives, leading performance measures are also necessary because they are proactive and preventive in nature. Leading measures help to anticipate the impact on future desired results.

In order to be successful and to ensure positive outcomes for all partners, benchmarking must be approached with some insight into the potential pitfalls and problems that may arise (Wilson, et al., 2000). Impending challenges include; the need to guarantee agreed outcomes for all partners and selecting a fitting collaborate (Wilson, et al., 2000). It can be a self-assessment tool, enhancing an organization's understanding of its own operations. It can sustain the strategic planning process and "encourage the development of accurate measures of productivity

CONCLUSION

Benchmarking requires a dedication to change, and hence should only be commenced if the organization is open to transform and has improvement as its purpose. Benchmarking enables decision-makers to comprehend exactly how much improvement they will need to bring about in order to achieve greater performance. Recurrent and regular benchmarking helps us to generate explicit and quantifiable short-term plans that are based on present reality instead of past performance, and which can sustain step-by-step expansion in performance over time.

The purpose is to overhaul the top performers, turning a performance discrepancy into performance leadership. Successful benchmarking results in improvements to excellence and efficiency as well as positive monetary outcomes; benchmarking promotes a "learning culture", which is key to unvarying long-term quality improvement and competitiveness. Flourishing benchmarking organizations are recurrently looking for new ideas.

RECOMMENDATIONS

Benchmarking promotes managers to ponder over the broader perspective, to learn from exceptional performers, and to push ahead of their own comfort zones. By revealing the paramount practices of top-performing maneuvers, it can put your business organization steadfastly on the road to excellent management. If we don't modify our direction, we might end up where we're headed", says a Chinese proverb. Benchmarking is a direction-setting exercise, and it is not anything more than a quality tool, just one of many ways to advance and become more prolific. All these have been said, is our strong belief that –because quality is becoming the trademark for both products and services these days- benchmarking has a very influential prospective and it can be used as a legitimate strategy for the long term, taking into account the actuality that progress must not be a one-time project as such organizations should adopt adequate benchmarking strategies in order to enhance competitiveness and organizational performance.

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