Benchmarking Concepts in the UK and Germany: Between Standardisation and Local Variation?

Sylvia Rohlfer

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Industrial Relations Research Unit
University of Warwick
Coventry
CV4 7AL
UK

* Doctoral researcher, Warwick Business School. E-mail: sylvia.rohlfer@warwick.ac.uk.
Editor’s foreword

The Warwick Papers in Industrial Relations series publishes the work of members of the Industrial Relations Research Unit and people associated with it. The papers may be work of a topical interest or require presentation outside the conventions of a normal journal article. A formal editorial process ensures that standards of quality and objectivity are maintained.

In this paper, Sylvia Rohlfer, a doctoral student attached to IRRU, analyses what is understood by the ‘key players’ involved in ‘benchmarking’, within a comparative context looking at Germany and the UK. She undertakes a content analysis of the key components of benchmarking in the leading texts, and uses this to examine the position and role of employer organisations, professional consultancies, trade unions and government bodies in the dissemination and implementation of benchmarking at company level. Rohlfer concludes with a critique of benchmarking that deconstructs the conventional presentation of a benign and objective technique and instead argues that context is vital to its application and ‘success’. In particular, this implies that the different employment relations systems of the two countries shape the use and form of company-level benchmarking in different ways.

Jim Arrowsmith
Abstract

In recent years the concept of benchmarking has become synonymous with successful performance of business organisations. What is surprising that there have not been any studies about benchmarking which reflect on the role of national specific institutions concerned with benchmarking and which interfere with companies and the national economy. That is despite the fact that these institutions allocate many resources to promote benchmarking at company level. To address the lack of research this paper opens by developing a framework that facilitates a cross-country comparative analysis. The framework is established through a content analysis of two main benchmarking concepts demonstrating the common thematic elements of the less thoroughly defined concept of benchmarking. In the following the key initiatives related to company level benchmarking promoted by public policy makers, business organisations and the Benchmarking Centres in the UK and Germany are examined. Additionally, a comparative analysis of their perceptions of the benchmarking concept is carried out. It demonstrates in which aspects institutions in both countries vary in their understanding of the concept. The paper finishes by offering a critique of benchmarking as it is understood and promoted by the key players.

Acknowledgements

Financial support for this research was provided by the ESRC and the Industrial Relations Research Unit, Warwick Business School. I would like to extend my thanks to Paul Marginson, Martyn Wright, Paul Edwards and Jim Arrowsmith for their comments on earlier drafts of the paper.

Abbreviations used:

BMBF Ministry for Education and Research, Germany
BMWT Ministry for Economics and Technology, Germany
BDA Confederation of German Employers’ Association
BDI Association of German Industry
CBI Confederation of British Industry
DIHT Chambers of Commerce and Trade, Germany
DTI Department for Trade and Industry
ECTQM European Centre for Total Quality Management
IG Metall Metal Workers’ Union, Germany
TUC Trade Union Congress, Great Britain
I. Introduction

Benchmarking has emerged as a reaction to growing competitive pressures in international markets and is nowadays a common technique applied at company, sector and even national/international level (Sisson et al., 2003). Company-level benchmarking which is a quality tool directed at the continuous improvement of management processes in companies has become particularly prominent. Benchmarking application at that level was given a further boost by the publication of ‘The Machine that Changed the World’ (Womack et al., 1990). The book highlights the huge difference in quality and productivity between “world-class” auto companies and their less successful counterparts. Since then, the concept of benchmarking has become increasingly synonymous with successful performance of business organisations. It has been advocated as a progressively more common management practice to better measure business performance (Neathey et al., 1997) and is seen as a crucial component of successful business practice. In particular it has been considered to have a key role in the quality management area where Voss et al. (1994: 8) describe its impact as particularly striking. In this context benchmarking can be seen as a “hard” quality practice (Dow et al., 1999) providing some systematic analysis of the achievements of quality goals.

Benchmarking has also been demonstrated to be a catalyst for the success of a number of other organisation in change interventions, for example business process re-engineering.

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1 Benchmarking is also applied at the sectoral level which constitutes a natural extension of company benchmarking in that many of the same principles can be applied to that set of enterprises that make up an industry and for which similar types of best management practices are fundamental for competitiveness. Moreover, it can be seen as an extension of benchmarking of framework conditions, in that some specific framework conditions mainly affect certain sectors. Benchmarking of framework conditions applies to these key elements which affect the attractiveness of regions and countries as paces to do business, which in turn affect the business environment in which companies have to operate. Some of these elements can be benchmarked on a national or regional level, e.g. costs, intangible investments which can influence industrial competitiveness, innovation, labour skills and administrative infrastructure, amongst many others (cf. Keegan, 1998: 20 –21).
(Thor et al. 1999), improved operational performance (Voss et al., 1997) and general changes in organisational thinking and action (Saw, 1997).

As a consequence, the management literature is full of prescriptive advice of the best ways in which firms can use company-level benchmarking to both monitor their own performance and to learn from other companies through the identification of best practices. A number of definitions of benchmarking exist within the literature which all essentially share the same themes even though they vary in their emphasis of different aspects of the concept. What is surprising is that, in the field of management studies, no studies have been carried out of the role of national specific institutions which are concerned with benchmarking and which intervene with companies and the national economy. This is despite the fact that these institutions allocate many resources to promote benchmarking and have a propensity to influence its application. Therefore, in order to develop a fruitful discussion about the wider implications of benchmarking on employment relations and management practice it is necessary to call for such an analysis.

In order to address the lack of research, this paper continues by, first, explaining the main findings of a content analysis of two key benchmarking concepts to develop the analytical framework for the subsequent investigation of differences in the understanding of benchmarking. The arguments of the research design adopted for such an analysis are presented in section three demonstrating the validity and reliability of the findings. The fourth section then outlines the key initiatives taken by key players concerned with company-level benchmarking in Germany and the UK. Drawing then on the framework developed for analysing the benchmarking concepts, differences in the understanding of benchmarking by those actors are revealed. The findings show that the key players concerned with benchmarking at company level are far from sharing a common understanding of the term. Moreover, the support individual companies are offered by the key players varies considerably in scope, content and objectives, not only between the UK and Germany but also within those countries. The paper finishes by offering a critique of benchmarking as it is understood and promoted by the key players.
II. Thematic elements essential in benchmarking concepts

Benchmarking is essentially a continuous improvement tool allowing a more formalised and disciplined application of search for excellence through operational improvement. It is based on the principle of measuring the performance of an organisation against a standard, or ‘benchmark’. This principle, however, encompasses a range of interpretations and different activities as benchmarking has been born out of the experience of many organisations and seems to be constantly evolving since benchmarking is becoming better known in Europe. In the following, an approach of showing variations in the understanding of benchmarking has been developed through a systematic content analysis of two frequently-cited benchmarking concepts in the literature. Common thematic elements, which are indicated through italic letters, are obtained through this content analysis providing subsequently the analytical framework for the examination of the understanding of benchmarking by the key players in the field.

The analysis concentrates on two benchmarking concepts developed respectively by Robert Camp (1989) and Sylvia Codling (1992; 1998). Camp, a corporation manager and one of the foremost benchmarking experts at Xerox, based the concept on his experience about the time when Xerox pioneered benchmarking as part of their response to international competition in the photocopier market (level). He published the Xerox experience in 'Benchmarking: The Search for Industry Best Practices that Lead to Superior Performance' (1989). As the first book on the subject, it is perhaps the best-known and documented benchmarking methodology. Codling is Managing Director of the Benchmarking Centre Ltd. in Buckinghamshire, which provides consultancy, training and other support services to UK organisations. She is the author of ‘Best Practice Benchmarking’ (1992) and “Benchmarking” (1998) in which she describes what has now become the classic 12-step methodology of benchmarking among practitioners. Hence

2 Although Camp and Codling are American and English authors they are nonetheless relevant for the German context as recognised German ‘authorities’ do not exist and these Anglo-American ideas were known by the participants interviewed.
both authors identify the company level for benchmarking application as opposed to benchmarking at sectoral level or the benchmarking of framework conditions within regions or countries (cf. Keegan, 1998: 20f.).

Benchmarking companies search vigorously for activities that are able to improve constantly and effectively practices and processes. Camp (1989: 10) and Codling (1998: 3; 67) emphasise that benchmarking constitutes a continuous process of consistently searching for new ideas for improvement (frequency). The selection of what to benchmark is of prime importance since it determines the pace of progress and improvement the company can realistically make. Camp's concept of benchmarking suggests that benchmarking studies relate primarily to business processes and practices. Among them are physical products manufactured or a service provided, the level of customer satisfaction desired etc. (Camp, 1989: 42). Most business activities can be analysed as processes since they have a beginning, an end and a main activity. The key step to determine the subject of benchmarking is to identify the product of the business function. Only if the output is not apparent, he suggests, is starting at high strategic concept level and cascading down to an individual deliverable (Camp, 1989: 41 – 45).

With the focus on operational strategy rather than on business strategic goals the benchmarking exercise aims to improve operation activities. An explicit link between benchmarking and business strategic goals is not assumed. Camp states that benchmarking focuses on how to improve any given business process by exploiting 'best practices' which are the cause of best performance and will lead therefore to strategic, operational and financial advantage (Camp, 1989: 42). This is seen as an outcome by itself but not as a defining requirement for the identification of the benchmarking subject. Codling's concept identifies the subject to benchmarking through a more rigorously defined approach. Benchmarking starts at a higher strategic level: the choice of what to benchmark is made according to two points. Firstly, according to the strategic importance of the selected area in need of benchmarking to the business. Secondly, the improvements in that area will make a significant contribution to overall business results (Codling, 1992: 52). Having identified the subject area, the following step is to select the precise process. The process to be analysed is the one which delivers the output requiring
improvement. Unlike the approach set out by Camp, which put greater emphasis on outputs, benchmarking is applied to key operational processes within a business requiring the company to determine the critical success factors across the organisation in order to gain and maintain competitive advantage.

Codling also underlines that benchmarking requires continuous learning to gain the full benefits of the benchmarking exercise. The more benchmarking is practised the more can then be applied the next time. The ultimate aim is an organisation within which benchmarking is just another facet of the culture, conducted by all at all levels. Companies, taking these actions, will have fully incorporate the benchmarking exercise and be able to apply 'best practice benchmarking' at the 'maturity stage' (Codling, 1992: 76). In a similar vein, Camp underlines that the benchmarking findings must be understood by the organisation to obtain commitment and to take action to change (Camp 1989: 6). Constant comparison is required to verify that the targets established in the initial step are met and deviations are corrected. The ultimate output of the benchmarking process is represented by the 'maturity phase of its methodology'. In that phase the benchmarking activity is seen as 'business as usual'. He proposes that only when the focus on external practices becomes the responsibility of the entire organisation – including specifically the lower organisational, operational levels – benchmarking will truly have achieved its objectives of ensuring superiority through incorporation of best industry practices (Camp, 1989: 19). If an organisation reaches that stage benchmarking reflects an attitude to strive for excellence in every business endeavour (Camp, 1989: 21).

Both Camp and Codling underline that the benchmarking process must investigate both practices and metrics (Camp, 1989: 4; Codling, 1998: 8f.). Having identified the benchmarking collaborators, it is necessary at the beginning of the benchmarking activity to analyse the differences in practices and to assess their impact on a qualitative definition of the benchmark practice (Camp, 1989: 129). The metrics that quantify the effect of the practices are obtained later because only the practice on which the metric is based will reveal why a company performs in a superior manner. Actions including only
a measurement of best performance would miss the most valuable part of benchmarking: it is actually the process of learning lessons about how best performance is accomplished.

The most advanced form of benchmarking is called by Camp 'generic process benchmarking' which entails the comparison of business functions and processes that are the same regardless of industry, e.g. order fulfilment processes (1989: 60 – 65). Here, practices may be uncovered that are not implemented in the investigator's own industry. This generic process benchmarking is comparable with the so-called 'best practice benchmarking', a term used by Codling. Here, benchmarking against best practices requires seeking out the undisputed leader in the process that is critical to business success. Collaborators are identified regardless of sector or location (Codling, 1992: 11). Therefore, both authors emphasise that benchmarking should be externally focussed on target setting and planning. A consideration of customer perceptions (Codling, 1992: 53) as well as business environment (Codling, 1992: 60; Camp: 1989: 9) are needed to reconsider and re-evaluate performance.

The comparison of the two benchmarking concepts suggests that there is considerable similarity between the two even though the content analysis reveals some differences between them (table 1). The differences within each thematic element suggest perhaps a better clarity, a higher degree of completeness or greater conceptual maturity. Summarising according to the established conceptualisation of benchmarking through thematic elements, Codling and Camp state that benchmarking plays an essential role in improvement approaches used by enterprises (level). Benchmarking is viewed as a continuous (frequency) process used to measure performance gaps, to establish where 'best practices' are and to introduce change (action) capable of closing identified gaps (outcomes). With the focus on practices and processes (subject) benchmarking leads to action and is viewed as a trigger for performance management. It is not measurement itself but a process for establishing degrees of competitiveness and including action for closing any gaps that are identified through an external focus (collaborators) monitoring the changing business environment (environment).
Table 1: Common thematic elements as derived from the content analysis of benchmarking concepts

<table>
<thead>
<tr>
<th>Camp's concept</th>
<th>Codling's concept</th>
<th>Thematic elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses</td>
<td>Businesses</td>
<td>Level</td>
</tr>
<tr>
<td>Business environment</td>
<td>Customer perceptions</td>
<td>Context</td>
</tr>
<tr>
<td>Business environment</td>
<td>Business environment</td>
<td></td>
</tr>
<tr>
<td>Continuous process</td>
<td>Continuous process</td>
<td>Frequency</td>
</tr>
<tr>
<td>Searching, Comparison</td>
<td>Searching, Learning</td>
<td>Action</td>
</tr>
<tr>
<td>Exploiting 'best practices'</td>
<td>Investigation of practices and metrics</td>
<td></td>
</tr>
<tr>
<td>Investigation of practices and metrics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business processes and practices</td>
<td>Area of strategic importance with significant contribution to business performance</td>
<td>Subject</td>
</tr>
<tr>
<td>Business processes and practices</td>
<td>Key operational processes</td>
<td></td>
</tr>
<tr>
<td>External practices</td>
<td>Superior performing companies regardless of sector or location</td>
<td>Collaborator</td>
</tr>
<tr>
<td>Business functions and processes that are the same regardless of industry</td>
<td>Gain and maintain competitive advantage Best practice implementation</td>
<td></td>
</tr>
<tr>
<td>Improve operation activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensuring superiority through incorporation of best industry practices Learning lessons about how best performance is accomplished</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

III. Research design and research methodology

Research design

The research design is a comparative study of the understanding of benchmarking and the activities promoting benchmarking application initiated by key players in the UK and Germany. This cross-country comparison allows for a telling analysis as the countries can be presented as polar types on most aspects of "national business systems" in which the key players in benchmarking are embedded (Lane, 1995: 3). The rationale for the
selection of the key players is set by the qualitative nature of research. A qualitative inquiry typically focuses in-depth on relatively small samples selected purposefully, whereas quantitative methods typically depend on larger samples selected randomly. There are several different strategies for purposefully selecting information-rich cases and the logic of each strategy serves a particular evaluation purpose. The particular technique used for this investigation was the snowball or chain sampling (Patton, 1990: 176). This kind of sampling identifies information-rich key respondents from people who know that their contacts "fit the bill". We began the process at the ECTQM at the University of Bradford and IZB at the Fraunhofer Institute in Berlin by asking the interviewees at these Benchmarking Centres "Who knows a lot about Benchmarking? Whom should I talk to?". The ECTQM and IZB were chosen since both were established when benchmarking became promoted by industry. Consequently, they have the most longstanding experience in this field and are part of the wider benchmarking networks within and across countries. By asking a number of people whom else to talk to, the snowball got bigger and bigger as new information-rich cases were accumulated. Yet at the same time a few key names were mentioned repeatedly and were seen as valuable by a number of different informants. Additionally, the requirement was to match institutions across countries – whenever it was feasible - to facilitate a cross-country comparison. This is relevant for another reason as organisations dealing with benchmarking in different European countries are numerous and of various kinds. Assignment to a certain category is often difficult and on the basis of services offered is not always possible. Table 2 shows the participating organisations.

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3 Cf. Keegan's account that distinguishes six divisions of organisations dealing with benchmarking: benchmarking organisations which often belong to quality management organisations and are often organised as non-profit organisations; benchmarking networks which are co-operations of benchmarking organisations; BM clubs which are mostly associations of companies applying benchmarking; institutions affiliated with universities; chambers of commerce with the respective special consultants and quality experts; and consultants, who are employed in benchmarking by the companies for the management of the benchmarking project (Keegan, 1998: appendix 4).
Table 2: Participating organisations

<table>
<thead>
<tr>
<th>Country</th>
<th>Key player</th>
<th>People contacted</th>
<th>Source of information</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>Department for Trade and Industry (DTI)</td>
<td>Terry Pilcher, Assistant Director Business Services</td>
<td>Interview DTI publications WebPages</td>
</tr>
<tr>
<td>UK</td>
<td>The Confederation of British Industry (CBI)</td>
<td>Dominic Johnson, Head, Employee Relations Group</td>
<td>Interview CBI publications</td>
</tr>
<tr>
<td>UK</td>
<td>The Trade Union Congress (TUC)</td>
<td>Richard Excell, Senior Policy Officer, Economic and Social Affairs Department</td>
<td>Interview TUC publications WebPages Private notes</td>
</tr>
<tr>
<td>UK</td>
<td>The European Centre for Total Quality Management (ECTQM)</td>
<td>Prof. Mohamed Zairi, Head of European Centre for TQM</td>
<td>Interview Books &amp; publications WebPages</td>
</tr>
<tr>
<td>Germany</td>
<td>Ministry for Education and Research (BMBF)</td>
<td>Lutz Gros, Referent</td>
<td>Telephone interview BMBF publications WebPages</td>
</tr>
<tr>
<td>Germany</td>
<td>Ministry of Economics and Technology (BMWT)</td>
<td>Dr. Grenetzky, Referent, Dr. Armgard Wippler</td>
<td>E-mail letter Telephone interview</td>
</tr>
<tr>
<td>Germany</td>
<td>Association of German Industry (BDI)</td>
<td>Dr. Hans-Joachim Haß, Head, Matthias Krämer, Referent, Economic Policy Department</td>
<td>Letter WebPages BDI publications</td>
</tr>
<tr>
<td>Germany</td>
<td>The Confederation of German Employers' Association (BDA)</td>
<td>Otheinrich von Weitershausen, Manager, National Economy, Finance and Tax Department</td>
<td>Letter BDA Publications</td>
</tr>
<tr>
<td>Germany</td>
<td>The Chambers of Commerce and Trade (DIHT)</td>
<td>Dr. Stephan Wimmers, Head, Industry Policy Department</td>
<td>Telephone interview Publications</td>
</tr>
<tr>
<td>Germany</td>
<td>Metal Worker Union (IG Metall)</td>
<td>Peter Senft, Referent, Economics and Technology Department</td>
<td>Telephone interview</td>
</tr>
<tr>
<td>Germany</td>
<td>The German Trade Union Confederation (DGB)</td>
<td>Reinhard Dobre, Senior Officer, Collective Bargaining Policy</td>
<td>Letter DGB Publications WebPages</td>
</tr>
<tr>
<td>Germany</td>
<td>The Information Centre Benchmarking (IZB)</td>
<td>Holger Kohl, Senior Researcher, Division Systems Planning</td>
<td>Interview, IZB publications, WebPages</td>
</tr>
</tbody>
</table>

All participating organisations identified through this chain sampling principle had run and managed benchmarking initiatives for a considerable length of time and they therefore all possess sound experience with the benchmarking tool.

Research methodology

The research methodology of the investigation is a qualitative research approach based on semi-structured interviews. The key players were approached by letter and a follow-up telephone call. The objective was to talk with at least one person concerned with
benchmarking matters in the institution. Only in three cases the requirement of interviews was dropped. Nevertheless, sufficient data was obtained from alternative sources. Alongside the advantages which qualitative research methods possess in answering more exploratory research questions (Miles et al., 1994: 10f.), semi-structured interviews as a particular research technique have additional advantages for the present investigation. Firstly, the use of face-to-face interviews facilitates the clarification of important terminology used in the research. The problem of respondents interpreting terms in different ways is relevant to all types of investigation (Deutscher, 1977). However, a key challenge of the present research lies in its cross-national and bilingual nature. An investigation of the research questions demands both a comparison of institutions in two different countries as well as a comparison between organisations representing different interest groups within one country. Referring to Lisle's (1985) work, Hantrais and Mangen (1996: 7) argue that

"[...] language is not simply a medium for conveying concepts, it is part of the conceptual system, reflecting institutions, thought processes, values and ideology, ... implying that approach to a topic and the interpretation of it will differ, according to the language of expression".

In a similar vein, Desrosieres (1996), using the example of terminology which reflects socio-economic status, highlights the impossibility of finding exact translations of terms in different languages. Face-to-face interviews have the advantage of enabling the researcher to clarify terminology such as ‘best practices’, ‘benchmarking’ etc. in order to prevent misunderstandings and a possible distortion of the results.

Moreover, interview-based research also has the advantage of being able to uncover issues about which the research could not have known in advance. It is therefore explanatory in nature, allowing the researcher to "go deep into complex matters, which are not wholly understood" (Steward et al., 1994: 13). This is an important aspect since most of the key research questions are of an exploratory nature.
Alongside the advantages which interview based qualitative research possesses in answering the explanatory questions, this research technique has, at the same time, a number of problems and limitations. A fundamental problem is that the validity of interviews may be constrained by factors affecting the responses of interviewees (Haramlambos and Holborn, 1991; Denzin 1970). One important way to strengthen the interview-based research and to overcome its limitations is through triangulation. Denzin (1978b) has identified four basic types of triangulation: (1) data triangulation – the use of a variety of data sources in a study; (2) investigator triangulation – the use of several different researchers or evaluators; (3) theory triangulation – the use of multiple perspectives to interpret a single set of data; and (4) methodological triangulation – the use of multiple methods to study a single problem or programme. The logic of triangulation is based on the premise that

"[...] no single method ever adequately solves the problem of rival causal factors. [...] because each method reveals different aspects of empirical reality, multiple methods of observation must be employed. This is termed triangulation. I now offer as a final methodological rule the principle that multiple methods should be used in every investigation" (Denzin, 1978b: 28).

However, triangulation is ideal and can be very expensive. My limited budget, and short time-frame limited the amount of research triangulation that was practical. Consequently, only the method of data triangulation has been used in the present investigation and information has been obtained from interviewees, their own notes and statements, published materials and web sites of the institutions.
IV. Key initiatives of company benchmarking in the UK and Germany

A. The key players in the UK

The Department of Trade and Industry (DTI)
The DTI's objective in relation to business support is to promote companies, innovation and increased productivity by increasing the capacity of businesses to grow, invest and adopt best practices. It takes the responsibility through its Small Business Service Agency for the spread of best practices by providing hands-on application of best practice tools for businesses, particularly the small and medium-sized enterprises. The most important scheme is the BM Index which is delivered via intermediaries such as Business Links. The Index is a simple computer-based system that, through a series of questions, allows companies to measure their performance against others in around 80 aspects of finance, management and business excellence. It consists of a central database built up from data gathered from over 4000 enterprises (www.benchmarkingindex.com, 26 July 2001). The BM Index is supplemented through two other support schemes: CONNECT and IUKE (Inside UK Enterprise). CONNECT gives a broad introduction to best practice and benchmarking application through a series of CD-ROMs. The IUKE programme offers visits to exemplar companies where people see a broad range of best practice in operation. These schemes applied in a logical progression support the DTI mission in that they create best practice awareness (CONNECT), allow a performance assessment of benchmark companies (BM Index) and show best practice application (IUKE).

The Confederation of British Industry (CBI)
Like the DTI, the CBI assumes that the transfer of best practices is one of the most powerful tools to improve business performance. The main best practice activity to help competitiveness via business-to-business is the “Fit for the Future” campaign. Its mission is to achieve a massive increase in the number of companies engaged in the transfer of best practices regardless of size, sector or type of activity. Alongside this campaign the CBI has been developing a suite of four benchmarking tools under the name of PROBE
(PROmoting Business Excellence) for helping member organisations to learn from each other. The suite comprises MANUFACTURING PROBE, SERVICE PROBE (for manufacturing and service sector companies alike), CONTOUR for environment, health and safety and HEADSTART for benchmarking people management. These tools utilise the methodology of a self-assessment questionnaire which is filled in by a cross-functional and multi-level team of the benchmarking company. The consensus scores achieved are collected by an accredited facilitator who visits the company to discuss its background, explore its facilities and analyse the scores. A final management report is then created within 10 working days by the facilitator.

The European Centre for Total Quality Management (ECTQM)

The ECTQM is part of the School of Management at the University of Bradford and pursues the primary purpose of serving the business community through knowledge dissemination and by offering practical support in all areas of integrated management including best practice and ways of conducting gap analysis. As opposed to the DTI and CBI, who assist their members through readily-defined benchmarking tools and the provision of an existing database through which companies share information, the ECTQM assist the benchmarking companies through an individualised and more elaborated mode of benchmarking. During a benchmarking imitative, the Centre compares two or more purposefully-selected organisations. It does this by looking in-depth at the company’s practice in a specific area of activity in order to learn how better results can be achieved. It then offers help and guidance to proceed onto a complete benchmarking exercise involving action development, site visits and interviews, all of which is quite different to the greatly simplified benchmarking process as promoted by the DTI and CBI. Like their German counterpart they promote their own benchmarking model. In addition, the Centre disseminates information about benchmarking through a research paper series, case-study series and a survey-report aimed at academics and practitioners alike.
The Trade Union Congress (TUC)

The TUC’s objectives in relation to benchmarking are mainly pursued by its department of Economic and Social Affairs (ESAD). To date, however, benchmarking at company level has not been an issue which needed to be addressed by the TUC. Consequently, TUC’s initiatives offered to its members do not particularly concern benchmarking. Its training courses look at management techniques in general which eventually cover benchmarking practices since the TUC assumes that it will play an important role in the future and that they have to deal with the consequences that arise from benchmarking:

“I have no doubt about it. When I talk to employers … benchmarking always comes up. Now, as I indicated, it is a massive range of different things but the idea [...] is all-persuasive” (Excell, TUC, Interview 30 October 2001, London).

The TUC is not directly involved in activities related to the benchmarking tools offered by the CBI and the DTI. However it occasionally co-operates with them on specific initiatives and projects that are related with benchmarking, such as the joint report on “Best practice and Productivity”\(^4\).

B. The key players in Germany

The Federal Ministries of Economics and Technology (BMWT) and of Education and Research (BMBF)

The German Federal Government supports BM through its BMWT and BMBF. The BMWT promotes new technology and innovation in order to maintain the economy’s

\(^4\) This is a recent report for the TUC’s co-operation with the CBI. The joint report “Best Practice and Productivity” was presented to the Chancellor and was written by the Best Practice Working Group (CBI, TUC, 2001). Even though the report does not address benchmarking as an explicit managerial tool, the ideas of benchmarking run as an underlying theme throughout. The report aims to enhance the productivity and competitiveness of British industry by considering the role of best practices. Its principal messages are that if more organisations would attain the benchmarks set by Britain’s most competitive companies then the whole economy would benefit, and if more organisations would aspire to being “world class” the gains would be even greater (CBI, TUC, 2001: 2).
Benchmarking is seen as one tool to gear to this task. However the BMWT is rather involved in benchmarking activities which aim to benchmark framework conditions and does not carry out any initiative or promote projects at national level which aim to assist businesses with benchmarking (Grenetzky, BMWT, telephone interview, 19 September 2001). Compared to the DTI, which promotes BM activities in firms regardless of type of activity, the BMBF solely supports benchmarking in service sector firms. It promotes 13 projects under the name of “Work and Technology: Innovative Services”. These projects are defined by institutions or businesses that intend to carry out a benchmarking project. Successful applicants are financially supported by the BMBF. Supported benchmarking projects do not only aim to match business management criteria but also to tackle issues of work organisation, employment conditions and ecological efficiency. Moreover, hands-on advice must be made available to businesses on how to improve services.

The Federation of German Industries (BDI) and the Confederation of German Employers’ Associations (BDA)
The BDI as the peak employer association of German Industry has neither taken any particular role in “introducing or spreading benchmarking among enterprises” nor conducted any study about benchmarking matters at company level (Kraemer, BDI, written statement, 28 June 2001). Likewise, even though the BDA considers benchmarking at company level as an instrument which can positively influence the competitiveness of German businesses, it does not introduce benchmarking into individual businesses by offering hands-on advice or ready defined benchmarking tools. Any campaign and promotion of benchmarking is therefore only pursued through political lobbying at national or European level and concerns mainly the policy areas ‘enterprise policy’ and ‘employment policy’ (Dorn, BDA, written statement, 18 June 2001).

The Chambers of Commerce and Trade (DIHT)
The DIHT represents all the commercial enterprises of German’s economy. The Chambers exist to assist their members directly as counsellors or mediators in business
matters of local, regional and supra-national importance. Perhaps surprisingly, benchmarking is not considered a business matter as such. They see benchmarking at company level as an instrument mainly to monitor standards of services and products. Having defined benchmarking in these terms there is no need for them to assist benchmarking application for individual businesses because standards are mainly set and reassured by public institutions and governmental bodies.

**The Information Centre Benchmarking (IZB)**

The IZB’s task is to support benchmarking activities in German manufacturing, service companies and public institutions alike. It supports complete Benchmarking projects at company level, identifies and arranges contacts to benchmarking partners and promotes its “in-house” benchmarking methodology. Their prime activity is to run benchmarking projects which are based on long-term preparatory research. The Centre uses internal resources as well as funds from national and international programmes to develop – in association with business partners – innovative benchmarking methods and tools. The IZB offers integrated solutions from the development of a concept to the introduction of the tool where required. In addition, it offers its members service packages, which include workshops in which members can discuss their experiences of benchmarking, guidelines on how to conduct benchmarking projects and training sessions which introduce the foundations of benchmarking to members. Furthermore, in 1999 the centre carried out a survey about the state of Company benchmarking in Germany and, since 1994, it has organised benchmarking conferences to increase the use of benchmarking, to improve the knowledge of identifying and sharing best practices and to exchange information.

**The German Trade Union Confederation (DGB) and the Metal Worker Union (IG Metall)**

Benchmarking at company level is not considered a relevant issue for the DGB. It is regarded as an collective bargaining issue and as such a matter for industrial trade unions. The IG Metall, one of the strongest industrial trade unions within the DGB in terms of membership strength, has taken a position on benchmarking: Benchmarking is viewed as a double-edged tool whose nature depends on the way it is applied and introduced (Ellen-
Braatz, et al., 1998). The IG Metall finances research about benchmarking practice and responses to campaigns and positions as set out by employer associations, state organisations and political parties. Like the TUC it offers training course for their members on how to respond to management actions and in which benchmarking is discussed among other topics.

V. A comparison of benchmarking concepts

The description of the main initiatives taken by key actors has demonstrated that these differ according to the service provided and the type of target firms. It is argued that these differences occur because key actors use different benchmarking concepts when discussing benchmarking matters. It is therefore necessary to identify those differences. The following section shows the main results of an analysis carried out to identify differences according to the “level”, “context”, “frequency”, “action”, “subject”, “collaborators” and “outcome” of benchmarking applied at company level. Differences and similarities become evident when drawing a distinction between organisations according to the two countries and between “experts” such as the Benchmarking Centres and “non-experts” such as the governmental and social partner organisations. The awareness of these differences in the understanding of benchmarking is essential since it has implications for the way benchmarking tools are further applied and introduced (cf. Eller-Braatz et al., 1998: 445f). On the one hand, benchmarking might be a managerial technique that helps to identify the potential and possible ways for prospective improvements when it is practised as a continuous process, including best practice management. On the other hand, benchmarking might occur in practice as a pure ranking against competitors. An awareness of existing differences in the understanding of benchmarking is therefore vital for any empirical research on benchmarking matters.

Level

According to the three levels of benchmarking application, the comparison shows that in both countries the majority of key players concentrate their activities at the company
level. Only the BMBF addresses all three levels through its programme. In contrast to the CBI, for the two top-level employer federations, the BDA and the DIHT, benchmarking is either an issue they do not consider at all or they solely support it at the European or national level.

Context
The literature on benchmarking methodology proposes that the final recommendations of a benchmarking project must not only consider various firm characteristics but also take into account external factors to the firm to establish the differences between firms but also the similarities between them and their environments (Watson, 1993: 37). Envisaged changes do not represent a direct transfer of practices from any one organisation to another but do take into account the contexts of the benchmarking and benchmarked companies. Recommended changes in the report are based on the benchmarking analysis and on the firm’s own contributed insights which are wide ranging.

Only the DTI, the ECTQM and the IZB include the element of context consideration in their understanding of benchmarking. For them “company specific” is the most commonly used term.

“We do not carry out benchmarking studies of the same type as other companies that usually just design a questionnaire, send out the questionnaire, wait for the reply, compare and analyse them and then try to optimise. The reason that we don’t do that is because we want to see the company and how it operates. We arrange active exchange meetings; we explain the process and we work process-based and company specific” (Kohl, IZB; Interview 21.05.2001, Berlin, own translation).

The importance of context factors is implicitly confirmed by the CBI and the BMBF. The CBI points out that those measures available primarily aim at benchmarking application for small and medium-sized enterprises. The specified focus of service sector firms of benchmarking projects supported by the BMBF indicates that benchmarking methods and tools available need to be adjusted and cannot be employed without adaptation.
It is fairly surprising that not all key players emphasise the need of context consideration. Firstly, while describing the criteria for selecting benchmarking partners, it is generally assumed that organisations should be seeking to learn from “analogous” organisations and that the organisation initiating the study should understand the criteria that form the basis of the analogy (Zairi, 1996: 391). Secondly, the literature on benchmarking advocate it as a discipline which constantly reminds managers and employers alike of the need to focus externally on the market and customers (Codling, 1998: 16; Camp, 1989: 29) and to include firm members into the benchmarking team who can contribute through their firm-specific insight (Watson, 1994: 7).

**Frequency**
All actors confirm the importance for benchmarking of being applied continuously. It constitutes a process rather a one-off exercise. They confirm the commonly-taken position by benchmarking advocates that the tool would be ineffective or pointless if conducted infrequently or erratically.

“[...] because now ISO 9000 has the word benchmarking in it and I know that some people in our network said that people are coming to them because of that. Because it is a requirement. Yes, probably it is. But try to get them to do benchmarking for the right reasons. Because if they do it for those reasons it won’t work. Not in a continuous way. It won’t end up in the business plan, in their philosophy and culture. We try to tell them that if they do benchmarking continuously there are other advantages” (Pilcher, DTI, Interview 21.08.2001, London).

**Actions**
Most interview partners view the actions “measuring” and “comparing” as important. None of them feel that it is sufficient to merely identify sources of data when understanding practices. All key actors point out that only by comparison with agreed standards a practical and useful outcome of Benchmarking can be expected.
“The great strength of the report [Closing the Gap, second analysis of the Benchmark Index] is that […] it identifies the key levers managers can pull by analysing performance data that has been collected from real companies. By showing the gaps between company performance and best in class in any particular area, the report highlights what can be achieved by companies who want to improve” (DTI, The BenchmarkIndex, issue 2, p. 3).

Nevertheless, how these standards are defined differs greatly among them. The ECTQM and the IZB underline the need not only to consider quantitative defined standards, but also to apply qualitative indicators to achieve the intended objectives of a benchmarking study: a full measurement of discrete process performance and an understanding of how “best practices” work.

The findings are also surprising in that none of the key actors emphasise “learning” as an explicit action, even through benchmarking advocates stress that “learning” is vital to build a long-term and sustainable competitive advantage (Watson, 1995: 5).

“Well, we see the whole purpose of this is about performance. […] Perhaps you understand your organisation better. That is certainly true. And it may help you. If you are trying to discover which sites of your business are performing badly then this might be a good way of doing that. But again that is all about performance. That is a performance-oriented tool” (Johnson, CBI, Interview 20.08.2001, London).

It appears that all actors tend to adopt a traditionalist approach towards benchmarking, proposing that organisations adapt processes and implement them without stressing the need to learn about the firms’ contexts at the same time. It confirms the research findings that only a few actors take context into account when applying benchmarking.

Subjects
All key actors take the position that benchmarking is open to all facts of the business and not just to the production process. Within the functional action, however, the actors
assume different positions. For most actors “operations”, “processes”, “performances” and “practices” are subject to a benchmarking process, indicating that the data required will depend on what the company wishes to measure, compare and exchange. The BDA and the BMBF, who are rather inexperienced actors in benchmarking compared to the DTI and CBI, use the rather vague terms “indicators” and “criteria” open to any subject. However, the ultimate goal for all actors is an increase (faster, better, more satisfactory etc.) in the performance or whatever is measured.

It appears that only the ECTQM and the IZB make full use of the proclaimed power of the benchmarking tool. Their tools focus on how to improve any given business process by exploiting best practices, understanding how these practices work and applying them to the benchmarking firm rather than emphasising the “what” which can only help to pinpoint gaps but on its own cannot help companies to learn how to improve. The web site of the IZB underlines that

“Successful companies not only produce competitive products. On a long term basis, they achieve competitive advantages through process innovation. Process innovation not only refers to the manufacturing process, but also to the planning, controlling and supporting processes in the company” (www.ipk.fhg.de, 09. 04.2001).

Furthermore, Kohl from the IZB confirms that benchmarking tells managers how to improve on business processes.

“A pure numerical based benchmarking might highlight a goal: to reach a number. However you don’t know if this is your real goal since its value can be wrong and you don’t know how to reach this value. We show you the process. A best practice process – or better practices. And this is not the process of the direct competitor but of a business that has its core competence in the area where the process takes place. And at the end we will show you a way how to improve your processes and not only how to obtain the 3.5 […] We always say that it is about understanding and not about copying. It is not
possible to pick out a process and to slip it on another company. Business culture is the point which plays a role” (Kohl, IZB; Interview 21.05.2001, Berlin, own translation).

Collaborators

Another underlying premise of any benchmarking exercise is the need for a standard of comparison and hence the need for a “partner” or “analogous organisation”. The degree of similarity is related to the specific process characteristics and to a lesser extent to the organisation as a whole (Zairi, 1996: 391; Camp, 1989: 32). All actors confirm that benchmarking partners should not be direct competitors, but according to the TUC, CBI and DTI, appropriate benchmarks can only be set by leaders within the relevant sectors. However, due to the sort of benchmarking tools the CBI and DTI offer, standards can only be drawn from sample firms of these databases. Those firms are not necessarily the best in their class, and do not necessarily match best the benchmarking firm in terms of process analogy. Benchmarks are locally defined rather than through a reflection of international standards as suggested by German actors. The approach of the ECTQM and the IZB actors goes even further by taking a relatively holistic approach towards the technique. They view the application of the tool as suitable to measure and compare leading performance of a process independent of industry, function and location.

A consideration of the combined results that were derived from the thematic commonalities “subject” and “collaborators” suggests what types of benchmarking the key players are promoting.

“My interpretation what benchmarking is about is taking a consistent framework of indicators whether are performance or practice and assessing a company against that framework. And then consistently assessing other companies against that framework. So that they are allowed to or are enabled to compare themselves against other companies either within the same sector or in other sectors in the economy” (Johnson, CBI, Interview 20.08.2001, London).
Distinguishing on the basis of the nature of the other referent, the DTI and the CBI apply a type of generic benchmarking in which the comparison extends beyond industry boundaries, as opposed to competitive and industry benchmarking (Leibfried et al., 1992: 56), such as the manner in which benchmarking at company level is perceived by the TUC. For industry benchmarking, the comparison group is larger than for competitive benchmarking as it also includes non-competitors. However, as Spendolini writes, the word “generic” suggests “without a brand”, conveying the idea that generic benchmarking focuses on excellent work processes rather than on the business practices of a particular organisation or industry (Spendolini, 1992: 21). Whether this idea is really taken up by the DTI, the CBI and the TUC is questionable since these players focus mainly on performance measurement. The data indicates that the ECTQM and IZB apply the relatively holistic approach of generic benchmarking. Both centres emphasise the need to consider qualitative factors associated with the critical business process at the heart of the function, i.e. to understand why a performance gap exists.

“A numerical indicator is always only a spot check about a particular information. A process analysis shows the whole flow, how to get from one starting point to the final point. And I can then carry out analysis about the number of actions before something happens: the number of resources; how many resources I have; how the product changes over time and during the process; how the quality changes. This is what you can not obtain from numerical indicators. They do not tell you how to get from point A to point B” (Kohl, IZB; Interview 21.05.2001, Berlin, own translation).

This is a more comprehensive approach and focuses on multifunctional business processes. It enables understanding of how best practice companies have achieved superior performance. It focuses on the method and practices at the heart of the critical process. It is difficult to determine the type of benchmarking promoted by the BDA and BMBF since the subject is described in relatively vague terms by them.
Outcome

The minimum outcome of a benchmarking exercise must be an evaluation of where the company is relative to the reference group standards, but the definitions used by the key actors generally suggest that the envisaged improvements should exceed that standard in some way. The CBI and the DTI mainly focus on operational and financial benefits. The key aim is to identify the company’s position against the benchmarking partners.

“In a highly competitive business environment, it is essential for organisations to improve their performance in order to survive and grow. […] Best practices benchmarking will help measure your current performance level. Benchmarking will also help you identify operational strengths and areas for improvement. It will enable you to compare your organisation with competitors and should be used as strategic management tool on an ongoing basis to track performance gains” (www.cbi.org.uk, 26. 7. 2001).

The objective of identifying best practices and of implementing them is considered as less important which is contrary to the positions of the IZB and the ECTQM. The Head of the ECTQM asserts that

“Benchmarking is emulating the best by continuously implementing change and measuring performance” (Zairi, 1996: 46).

The position of the BMBF lies between those of the CBI, DTI and the IZB and ECTQM as they state that “identification of best practices” and “improvement” are the perceived outcome of benchmarking.

Cross-country comparison

Summarising the findings under a cross-country comparative perspective, it can be concluded that in both countries benchmarking started with the private sector. Advocates of benchmarking at company level tended not to be ministries of national governments by then. Both the ECTQM and the IZB were established in the early nineties or have been
working on benchmarking since that time with the explicit support of a specific business community. Comparing the activities of the public policy makers and business associations in both countries, the present findings show that the main initiatives by these actors took off earlier in the UK than in Germany. In the UK the first initiatives promoted and offered by the CBI and DTI were launched in the mid-nineties, whereas in Germany the BMBF’s schemes supporting benchmarking were established in the late 90s.

Moreover, all institutions in the UK concentrate their support for benchmarking at the company level, whereas the German institutions – with the exemption of the BMBF – do not see the need to offer such support and consultancy-type advice for benchmarking at this level. The key British players view their role in promoting benchmarking as attempting to bring it in easy reach for companies across the economy in order to improve their performance. Even though the BMBF do mention these aspects as well, they consider the research values and the improvement of the benchmarking methodology as more important criteria for deciding whether or not to support specific benchmarking projects. They justify their intervention and promotion of projects which benefit individual companies through the growing importance of the service sector for the German economy and the general unavailability of suitable benchmarking tools to service sector firms.

Another salient difference under a cross-country comparative perspective is that the scope of the benchmarking activities differs considerably. The BMBF do not provide a widely applicable benchmarking tool that is made available to businesses. They concentrate on supporting individual projects in which the benchmarking method and its tools are further developed. Unlike the British institutions they neither offer their own benchmarking tool nor run their own projects as the British key players also do. The German ministry only financially supports projects that are then run by private businesses and institutions.

It becomes apparent that the ECTQM and the IZB offer the most practical advice about benchmarking to individual businesses which is not surprising since they sell their
services to them. Compared to ECTQM and IZB the other institutions in the UK and Germany adopt a less practical approach, with the DTI and CBI providing at least some sort of a business-friendly toolkit approach. Indeed, German businesses receive comparatively less support from ministries and business associations than their British counterparts. Not only is the scope of projects and initiatives more restricted but also the content and objectives are less business-led and more research oriented. Even though the organisations across the two countries agree that benchmarking should not be carried out against direct competitors, the British institutions – with the exception of the ECTQM - take the view that a comparison should be made against standards set by leaders within the relevant sectors. The German actors, however, promote a mode of benchmarking in which the comparison extends beyond regional and national boundaries and which considers world-class performance.

It is also fairly surprising that only the ECTQM, the IZB and the DTI but none of the other German institutions emphasise the need for context consideration. Even though the importance of context factors is implicitly confirmed by the BMBF by acknowledging differences between the service and the manufacturing sector – as mentioned above – individual business context factors such as company specific employment relations are overlooked. This relates to another cross-country observation. Most interview partners viewed the actions “measuring” and “comparing” as important thereby underlining the metric style of benchmarking. In particular the two benchmarking toolkits offered by the DTI and CBI can be seen as a compilation of mainly quantitative data to facilitate a performance comparison. Only the ECTQM and the IZB put emphasis on the need to incorporate qualitative indicators in benchmarking processes to achieve the intended objectives of the tool. However, the more research oriented approach of the BMBF suggests that a reflection on the individual business context is needed and hence more qualitative data is aimed at.

Finally, the assertion of a shared understanding of benchmarking among the key players needs to be undermined. Each puts different emphasis on the thematic elements of identified commonalities in frequently used benchmarking definitions. These differences
among the key players are not only found between the two countries but also within the one country. On the other hand, the greatest similarity regarding the character of benchmarking projects and the shared understanding of benchmarking tools can be probably found between the two benchmarking centres in Germany and the UK.

VI. Conclusions and a critique

The content analysis and the subsequent identification of common thematic elements in benchmarking concepts demonstrate that benchmarking is not a thoroughly defined concept which leaves scope for interpretations and arrangements by advocates and practitioners alike. This has been supported by the research findings which reveal that differences are not only found between the two countries but also within one country. Nevertheless, the analysis of the understanding of benchmarking and the projects promoted demonstrates that benchmarking is commonly seen as a formalised and disciplined application of searching for better performance through operational improvement. It aims to enable a firm to close the gap between how it is currently performing and a superior performance. The distance between these two points is established through comparison with the better performer, as a direct result of lessons learned from the other company.

So far benchmarking has been treated as an accepted and undisputed concept by the business community and by many of the key players participating in the research. Benchmarking has escaped a critical reflection about its application and its effects on employment relations inside businesses. This might be explained by the following reasons. Firstly, the understanding of benchmarking conforms to positivist conventions and, hence, gives the appearance of straightforward objectivity. Benchmarking is couched in terms of operationalised variables, testable hypotheses and plausible and generally supportive case studies. The benchmarking toolkits of the DTI and CBI as well as the case studies published by ECTQM and IZB support the assertion that benchmarking is an objective method of measuring and improving business performance.
The power of the benchmarking tool appears to reside in its embodiment of logic, rationality and truth. Critics may point to the shortage of trustworthy survey evidence and, as Campbell (1999: 43) observes, only the successful case studies are published.

Secondly, the purpose of benchmarking helps to legitimate management action and to shield it against a critical assessment. While the emphasis differs, it is generally agreed that the motivation behind benchmarking is to “improve” so as to reduce a performance gap relative to some best practice or superior benchmarks (Camp, 1989; Codling 1992; 1998). Benchmarking advocates that improved processes are considered as a significant element in organisations’ competitive advantage. Indeed, the search for best practices as advocated by the IZB and the ECTQM suggests that benchmarking models of “best practice” can serve as both inspiration and demonstration of the difference between an organisation’s present reality and its future possibility. Derived from this logic, Hammer concludes (1994: 47) that leaders committed to change and the benchmarking mission, "have no choice in how they deal with those attempting to impede their efforts". Hence, whatever is deemed by experts to be effective in terms of gaining a competitive advantage or gap closure is regarded as legitimate. Once the notion of “competitive advantage” or “superior performance” is accepted, the instrumental value of benchmarking and best practice implementation renders it beyond critiques as a moral, social discourse. However, as benchmarking becomes more widely spread, the key players, particularly trade unions in both countries might be required to take up the issue matter and to respond to implications of benchmarking activities. Then, the regulated employment relations system in Germany may help particularly trade unions to question the assumed objectivity of the benchmarking tool and to control the consequences arising from benchmarking.

Moreover, the benchmarking tool shows mainly neo-unitarist and individualistic features since it was originated in a rather deregulated Anglo-American business system environment. Hence, the orientation of benchmarking is distinctly market-centred, managerialistic and individualistic as the analysis of the two benchmarking concepts has demonstrated. Employers embracing the principles of benchmarking have certain
expectations of employee loyalty, customer satisfaction and product security in increasingly competitive market conditions. The application of benchmarking might be more suitable in an Anglo-Saxon business context in which conditions are appropriate to meet these expectations. National business systems which are regarded as co-ordinated, ‘social’, or ‘organised’ market economies, such as Germany, in which employer expectations are heavily influenced through principles of a pluralist approach of employment relations are less appropriate to correspond with this distinct orientation of benchmarking. This might explain why German institutions started rather late promoting the benchmarking tool. Without doubt, Anglo-American ideas are influential in the German context but the research findings suggest that there are important cultural barriers to cross.

These points demonstrate that it is highly problematic to consider benchmarking generally as a purely positive and context-independent managerial tool. By contrast, it is argued here that benchmarking is far away from being neutral in nature and that it is coloured by a considerable bias of pro-management attitude. Hence notions of benchmarking need to be elevated beyond a simple technique orientation and into the realm of social discourse. Benchmarking is not only a benign methodology for maximising organisational performance but also a determinant of working reality for managers and their subordinates around Europe. Although benchmarking advocates venerate the ostensible efficiency and productivity gains of a system designed in accordance to benchmarking principles, any such benefits must be balanced against its social consequences before they can be judged in a positive manner.

The key actors in both countries have to think over whether or not they are prepared to follow the benchmarking fashion. Benchmarking's appeal is its cost savings in executing operations and its support of the organisation's budgeting and strategic planning process, assuming that all organisational members unreservedly identify with these objectives of the benchmarking exercise. This requires, on the part of management, at the minimum a paternalistic approach towards subordinate employees, or at the other extreme, a more authoritarian one, together with a suitable communication structure to keep employees...
informed of managerial and enterprise decisions. Conversely, employees are expected to remain loyal to the organisation and to its management in defence to the common problems facing managers and subordinates alike. However, it is questionable whether or not employees identify unreservedly with the aims of the enterprise and with its methods of operations as encouraged by benchmarking. Revisions in work organisation and process operations may cause employee resistance, questioning the benefits that derive from these revisions. Benchmarking may also cause some businesses to lose focus on employees: companies trying hard to quickly produce better numbers can cause employee burnout, error and rework time (cf. Campbell, 1999: 41).

Critical questions that need to be addressed by key players and particularly trade unions are thus:

- Is the individual encouraged to develop to his/her fullest potential or is he supported only in selected areas and to the extent that it serves the system and process?;
- To what extent do employees benefit directly in improved processes?;
- Are their rewards expected to be entirely intrinsic (having more say) while management and shareholders enjoy the financial fruits of improvement and enhanced competitiveness?.

Tackling these questions might be easier for the key actors in Germany, for instance where employer associations express an interest in benchmarking but are less involved in the promotion of the tool. Moreover, the regulated business context restricts managerial authority by requiring the co-operation between managers and work councillors in areas where employee interests are concerned. Managers are therefore more likely to include the consideration of employee interests into their rationale when discussing the consequences of benchmarking. The role of British trade unions dealing with the consequences that arise from benchmarking is far more uncertain as they do not have a similar supportive environment as their German counterparts. Their inclusion will heavily depend on what managers might gain from trade unions’ participation in benchmarking and in their dealing with the consequences.
References:


