

A REVIEW OF BENCHMARKING IN SERVICE INDUSTRIES

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ABSTRACT

Benchmarking is recognized as a fundamental tool for continuous improvement of quality. The objective of this paper is to examine service factor that contribute to the effectiveness of benchmarking in service industries. This study found that complexity and flexibility has significant correlation with effectiveness of benchmarking in service industries. The purpose of this paper is to understand of success factors aimed at increasing service revenue in manufacturing companies or service industries. We find out different types of success factors and those factors are improving performance of any type of service industries.

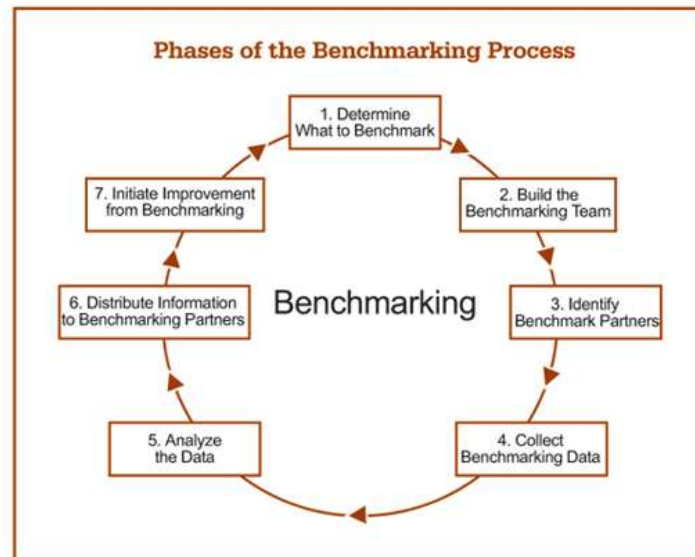
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I. INTRODUCTION

Benchmarking is one of the most useful tools of transferring knowledge and improvement into organisations as well as industries (Spendolini, 1992; Czuchry et al., 1995). Benchmarking is used to compare performance with other organisations and other sectors. This is possible because many business processes are basically the same from sector to sector. Benchmarking focused on the improvement of any given business process by exploiting best rather than simply measuring the best performance. Best practices are the cause of best performance. Companies studying best practices have the greatest opportunity for gaining strategic, operational, and financial advantages. Benchmarking of business processes is usually done with top performing companies in other industry sectors.

The systematic discipline of benchmarking is focused on identifying, studying, analysing, and adapting best practices and implementing the results. The benchmarking process involves comparing one's firm performance on a set of measurable parameters of strategic importance against those firms known to have achieved best performance on those indicators. Development of benchmarking is an iterative and ongoing process that is likely to involve sharing information with other organisations working with them towards a satisfying metrology.

Benchmarking should be looked upon as a tool for improvement within a wider scope of customer focused improvement activities and should be driven by customer and internal organisation needs. Benchmarking is the practices of being humble enough to admit that someone else is better at something and wise enough to learn how to match even surpass them at it.



II. IMPLEMENTATION OF BENCHMARKING

There are five phases for implementation of benchmarking

2.1 Planning

Planning is the first step of implementation of benchmarking in any organisation. During this phase the organisation determines which process to benchmark and against what type of organisation.

2.2 Analysis

During this phase to analysis is performed for the performance gap between the source organisation and the receiver organisation.

2.3 Integration

It involves the preparation of the receiver for implementation of actions.

2.4 Action

This is the phase where the actions are implemented within the receiver organization.

2.5 Maturity

This involves continuous monitoring of the process and enables continuous learning and provides input for continuous improvement within the receiver organization.

III. SERVICE

The concept of service can be described as the transformation of value, an indescribable product, from the service supplier (also termed the provider) to the customer (also termed the consumer). The process of transformation can be set in motion by a customer whose needs can be provided by the supplier, by a service supplier who offers a particular service to the customer.

The definitions usually include:

- Public transportation.
- Public utilities (telephone communication, energy service, sanitation stores).
- Restaurants, hotels and motels.
- Marketing (retail food, apparel, automotive, wholesale trade, department stores).
- Finance (commercial banks, insurance, sales finance, investment).
- Personal service (amusements, laundry and cleaning, barber and beauty shops).
- Professional services (physicians, lawyers).
- Government (defense, health, education, welfare, municipal services).
- News media

IV. LITERATURE REVIEW

4.1 Roger Moser et al., (2011),

In order to develop a benchmarking framework for supply network configuration we draw upon insights various theories addressing different levels: the dyadic relationship, the supply chain, and the network levels. The all three levels for the benchmarking of supply network configuration. The foundation for the development of our benchmarking framework for supply network configuration is primarily based on the theories of relationships and networks.

4.2 Heiko Gebauer et al., (2011),

The different requirements of the service strategies described as “after-sales service providers” and “customer support service providers” influence the logistics of spare parts. The service organisations would face increasing pressure to improve their financial performance, and compared with the corresponding values for the manufacture and distribution of the finished product within the company.

4.3 Min et al., (Hokey 2011)

The benchmarking process begins with the establishment of service standards through identification of service attributes that comprise service standards. Since serving customer better is the ultimate goal of benchmarking.

4.5 Panchapakesan padma et al., (2010)

Several researchers have established that service quality not only influences the satisfaction of buyers but also their purchase intentions. Even though there are other antecedents to customer satisfaction , namely, price, situation, and personality of the buyer, service quality receives special attention from the service marketers because it is within the control of the service provider and by improving service quality its consequence customer satisfaction could be improved, which may be turn influence the buyer’s intention to purchase the service.

4.5 Luiz Felipe Scavard et al., (2009)

Product variety proliferation is a trend in many industry sectors worldwide. Benchmarking should be a reference or measurement standard for comparison a performance measurement that is the standard of excellence for a specific business and a measurable, best in class achievement. Benchmarking as the continuous process of

measuring products, services, and practices against the toughest competitors or those organization known as industry leaders.

4.6 Monika koller, Thomas Salzberger, (2009)

Benchmarking is a tool which is widely used in both the manufacturing as well as the service industry. When we compared to the manufacturing sector, benchmarking in the service sector is more difficult because idiosyncrasies of particular fields of application. Bhutta and Huq (1999) gives that benchmarking is not only a comparative analysis, it is a process to establish the ground for creative breakthroughs and a way to move away from tradition.

4.7 Okke Braadbaart, (2007),

Benchmarking has significant potential for application in the public sector. According to Magd and Curry (2003), benchmarking is a powerful vehicle for quality improvement and a paradigm for effectively managing the transformation of public-sector organizations into public-sector organizations of quality. The collaborative benchmarking literature focuses on information sharing and the positive effect this has on the quality and quantity of information about what public sector organisations do and how well they do it.

4.8 Sameer Prasad, Tata, (2006)

Employing an appropriate theory building process can help us improve our precision and understanding. Both precision and understanding are important element of benchmarking. The greater the degree of precision allows for a finer ability to make comparisons. Greater power provides an understanding on the way to improve upon the service.

4.9 Nancy M. Levenburg, (2006)

Benchmarking is the process of comparing one's practices and procedures against those believed to be the best in the industry. While benchmarking efforts focused on manufacturing and logistics, the process has grown to encompass a wider array of activities including exporting, quality goals in service systems, supply chain interface, employee practices and brand management. This study aims to gain insight into practice that can enable organizations to utilize the internet more effectively for customer service purpose.

4.10 Ashok Kumar et al., (2006)

Benchmarking has been variously defined as the process of identifying, understanding, and adapting outstanding practices from organizations anywhere in the world to help your organizations improve its performance. It is an activity that looks outward to find best practice and high performance and then measures actual business operations against those goals.

V. FINDING FACTORS

With the help of this literature review we find out different types of success factors and those factors are improving performance of any type of service industries. Many service factors are finding in service industries. Some factors are also inter relate to each other. Service factor are:-

Sr. No.	Factor	Author	Define
1	Unique or superior service	Melton and Hartline, 2010	Offering superior core attributes and supporting services.
2	Synergy	Ottenbacher and Harrington, 2010	Capabilities
3	customer involvement	Carbonell et al., 2009	Operational outcomes and innovation volume, but no impact on competitive superiority and sales performance.
4	Technology	Lin et al., 2010	By applying more advanced marketing information systems based on the data acquired from their customers, companies are able to create more service innovations to explore potential markets
5	Knowledge management	Leiponen, 2006	Collective ownership of knowledge should be promoted.
6	Culture	Liu (2009)	Supportive culture as a construct of complementary dimensions consisting of innovative
7	Market orientation	Atuahene-Gima (1996)	The organization-wide collection and dissemination of market information, as well as the organizational responsiveness to that information.
8	Process quality	Avlonitis et al., 2001	This factor is important in all phases from idea generation and analysis to concept development, testing, and launch.
9	Cross-functional involvement	Storey et al., 2010	It seems to be important in companies which rely heavily on tacit knowledge, where the codification of information is difficult
10	employee involvement	Ordanini and Parasuraman, 2011,	Extensive internal marketing is conducted to raise support and enthusiasm for the product

VI. CONCLUSION

From this review it is seen that Benchmarking is an important tool to improve quality of the product/service in manufacturing as well as service industries. The main objective of the review to highlight the main factor in service industries and these are interrelate each other. These different types of successive factor are improving

performance of any type service industries as well as manufacturing and those factors are also useful for implementation of benchmarking. A service entails a unique experience between the service provider and service customer. The constellation of features and characteristics inherent in a service offering takes place during its development. Hence, it is important to be aware of certain elements which contribute to the success of a service while designing it. Benchmarking establishes company's true position versus the rest, making thus easier for the company to raise organizational energy for change and develop plans for action.

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