

## **BENCHMARKING FOR A SUSTAINABLE DEVELOPMENT**

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### **Abstract**

*Benchmarking can represent a rich source of inspiration for creative managers and employees who want to eliminate the mistakes of the past and to find new ways that lead to performance.*

*After a research made from secondary sources, we proposed a new type of benchmarking, designed especially for a sustainable development: the "green-benchmarking". For its applying, a new evaluation index system is required.*

**Keywords:** *green-benchmarking, sustainable, development*

**JEL classification:** *O10, Q01, Q56*

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### **1. Introduction**

One of the managerial methods capable of continuously updating the knowledge and the entire structural capital of the organization and to bring them to the pulse of the business environment is benchmarking. In the managerial literature of the last two decades, the term of benchmarking is used with an increasingly higher frequency. All the definitions of the method are similar. Basically, benchmarking is the method and/or process by means of which one can determine (through quantification) who is the best in a field, which sets the standards and in what this standards consists.

The inclusion of benchmarking into a specific methodology category is not very clear, it is considered both method and process, procedure or

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management instrument (Maniu, 2001). Nevertheless, benchmarking has been perceived by successful managers as one of the most effective methodologies to stimulate the performance of an organization. As a result, its scale of application has expanded rapidly in recent years.

In fact, benchmarking is a method that is extremely well anchored in the *past* facts, measured by means of the results in the *present*, a method that tries to discover the most appropriate *future* measure for the improvement and innovation of a process, a strategy, a functioning of an organization, etc. Therefore, benchmarking starts from accepting yesterday – with its good and bad elements – in order to prepare today the company's success tomorrow. On the other hand, an exact interpretation and the existence of measures for evaluating performance are key factors in businesses' success (Mansidão, Coelho, 2014).

Benchmarking can represent a rich source of inspiration for creative managers and employees, who want to eliminate the mistakes of the past and to find new ways that leads to performance. Unfortunately, there is no "universal guide" for the application of an effective benchmarking under any conditions and in any field of activity. Taking over the benchmarking methodology from an experimented leader, with the related specificities does not guarantee success for any other organization. Even the leaders in the field of benchmarking practice continuously improve their procedures related to this.

One should keep in mind an important aspect related to the contribution of benchmarking to the increase of the organizational performance: benchmarking is no direct method to improve performance; through benchmarking one discovers the best methods and ways to increase performance. Therefore, optimal results are obtained by using benchmarking in tandem with any of the methods and techniques of creativity management, in particular, and of modern organizational management, in general.

## **2. Sustainability by means of benchmarking**

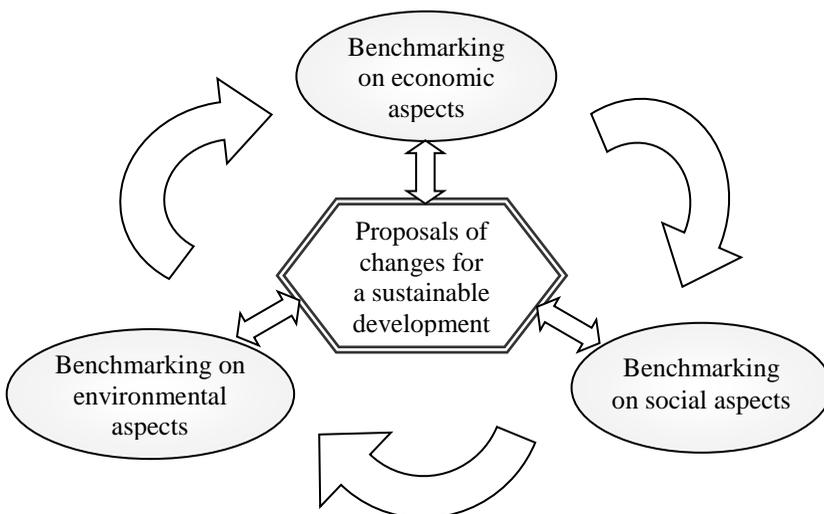
In Romania, there are business people and managers who understand that the company should not expect different external financial resources for research and development and that what happens inside it is crucial for market success. They address the organizational process by developing two management directions:

- the use of creativity as organizational resource and production factor, according to the new economic theories (Pince, 2008);
- the development and use of cutting-edge management methods –modern benchmarking being part of their group.

If in each sector there would begin benchmarking processes oriented according to the three essential dimensions of sustainable development (Fig. 1), there would appear major advantages in the process of economic development of Romania:

- State economy would be less exposed to the risks of any kind;
- Production and services should be designed in a manner meant to protect the natural environment in the long run;
- The internal and external customers of organizations—the employees and the consumers of the products/services would have their security/safety needs satisfied to a greater extent;
- Fluctuations of labour from one sector of activity to another and from one geographical area to another would decrease;
- The conscience of the "well-done job" would mark more strongly all of the Romanians' actions locally and internationally.

**Figure 1: “Green-benchmarking” for a sustainable development in every sector of activity**



### **3. Using benchmarking to develop an economic sector**

One of the fields of activity that have registered spectacular performance both worldwide and in Romania is the sector of logistics. Many authors have analyzed in specialized works (Zhang, Liu, 2009; Zheng, Zhang, 2010) the possibility of implementing and developing green logistics systems. This concept is subordinate to sustainable development concept, highlighting aspects like (Bertoni, et al., 2010, Fig. 2, p. 8):

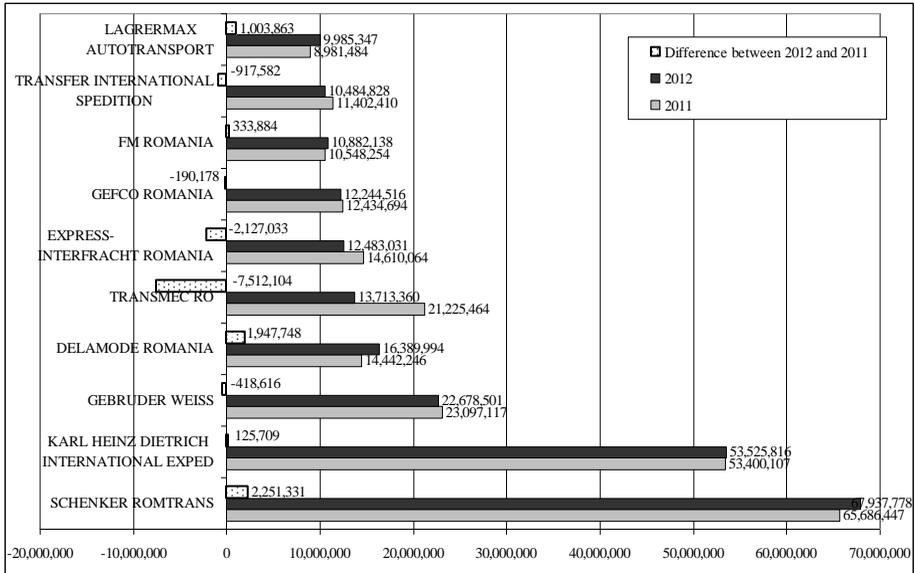
- Forward logistic which includes manufacturing, assembly, distribution and warehousing, retailing and end user (Bertoni, et al., 2010, p. 7);
- Redesign and substitution of the goods;
- Information logistics, using scorecard and benchmarking;
- Reverse logistics, with many recycle and reuse options, taking into account the social responsibility of economic agents.

The completion of a green logistics system requires the close cooperation of many parts such as government, public, corporate and so on (Zhang, Liu, 2009, p. 893). The use of benchmarking to develop the logistic sector requires an accurate evaluation index system and determination of index weight, too. There are some important researches in this field (Zhou, Zhu, Guo, 2014; Shan, 2012). Taking into account the dimensions of sustainable development presented in Figure 1, we propose a new evaluation index system to be used in a new type of benchmarking, called “green-benchmarking”. We consider that the evaluation index system must contain economic, social and environmental indicators.

Following research of secondary sources (*Top Romanian Logistics Operators* 2012), we built charts (Figures 2 and 3) with two basic indicators of the activity of the first 10 logistics service providers in the country. Most are, in fact, subsidiaries of internationally renowned companies in the field. We appreciate that, particularizing for this field of activity the general elements of Figure 1, we can propose several indicators that can be used in the “green-benchmarking” processes. It is a new type of benchmarking that we consider essential in assessing the sustainability of an organization.

In assessing the economic side of the activity of organizations in every field of activity, we believe that there are several extremely important elements such as assets, receivables, and the profit rate. In assessing their social dimension, the number of employees, the labour productivity and the job satisfaction of the employees could be criteria for “green-benchmarking”.

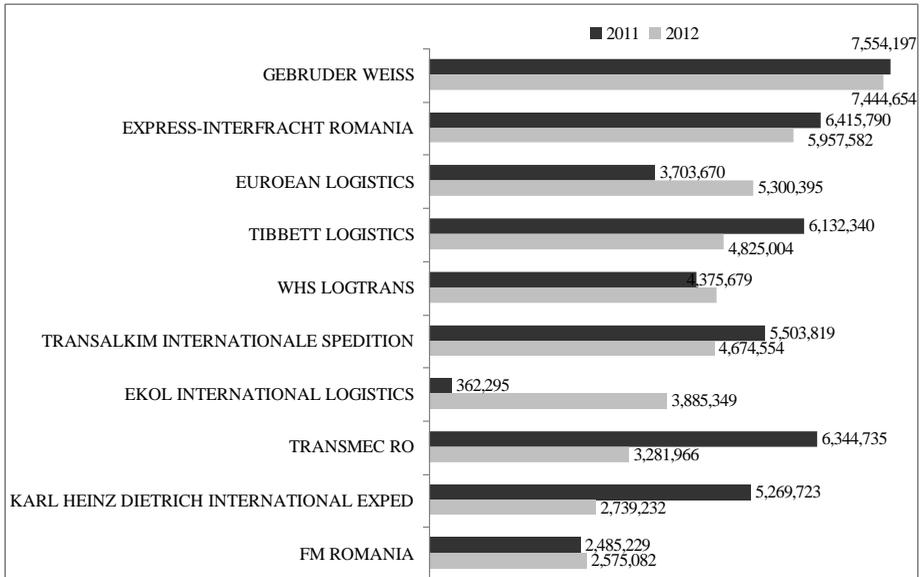
Figure 2: The assets of the most important Romanian logistics services providers



The specialized literature in Romania contains precise data concerning the profit, the turnover, the assets and the debts of companies, the labour productivity and the number of employees (*Top Romanian Logistics Operators 2012*), even if more current data are provided solely for a fee. Nevertheless, studies on job satisfaction in different fields of activity leaves a lot to be desired. The situation is similar in the case of the indicators that we want to propose for assessing the ecological dimension of the activity of companies, such as emissions of pollutants in air, water and soil, the degree of recycling of the used materials and the weight of conventional resources from the total resources of the organization.

Therefore, in assessing the economic aspects of Romania's top logistics operators we can use the graphs in Figures 1 and 2. In the partial assessment of the social aspects, we recommend using the labour productivity and employees' number data (*Top Romanian Logistics Operators 2012*). Unfortunately, the ecological indicators and the objective data regarding employee satisfaction in the logistics sector are lacking now.

**Figure 3: The receivables of the most important Romanian logistics operators**



However, we would recommend using the following calculation relations for the assessment carried out in a process of "green-benchmarking":

$$Score = \sum w_i \cdot E_i + \sum w_j \cdot S_j + \sum w_k \cdot N_k \quad (1)$$

We noted with  $E_i$  the algebraic values of economic, with  $S_j$  those of social and with  $N_k$  the algebraic values of natural environment indicators. Their weights are noted  $w_i$ ,  $w_j$ , respectively  $w_k$ .

#### 4. Conclusions

Satisfying the customers' needs is and will remain the essential premise for obtaining performance by the firm that makes the products intended for those needs. No matter how many resources the organization has - including financial ones- if they are not used in a judicious and creative way so as to please the customer, there will not be any performance for a long period of time. In the contemporary world, the economic environment, the social and natural one, are the basic coordinates of people's lives. Thus, comparing the activities and the results of the firms operating in a certain field will be made according to these three coordinates. We must realize that the

gaps recorded between the organizations in a sector of activity, on any of these coordinates, can harm life on the planet and the long-term development of human society. Therefore, the creative adoption of the solutions to different problems, from one organization to another, especially of the “green” (environmentally friendly) solutions, is meant to ensure the sustainability of the respective sector of activity. All that needs to be done at state level is meant to encourage the use of benchmarking in various economic sectors, in order to reduce the economic, social and environmental risks of the activities generating value for society.

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