BENCHMARKING AS A TOOL OF DEVELOPING CORPORATE CULTURE AND INCREASING COMPETITIVENESS

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Benchmarking is a prerequisite tool for developing any organisation, especially the one with implemented standardized management systems where the need of continuous improvement is especially essential. In the paper basic principles of benchmarking, it kinds and rules of identifying potential benchmarking partners and managing the benchmarking process were briefly discussed. The results of the report on the UE food and drink industries' competitiveness were presented to illustrate a number of improvement opportunities for the sector. We tried to explain on a food processing industry how benchmarking can be an effective means for a business to help identify improvement opportunities and implement change process to improve business effectiveness.

Keywords: benchmarking, food industry, competitiveness

Introduction

Increasing competitiveness, ever-changing customer needs, and rapid technological advances exert a tremendous amount of pressure on the companies all over the world to stay competitive. Nowadays, the companies have to deal with a growing variety of products, short delivery times, high service level, increased focus on quality, and competitive cost. To compete in the global world, they need to learn continuously and use appropriate business improvement tools. Certification or accreditation obtained by an organisation are sometimes the aims they set themselves starting hard work on implementation of standardized management systems. Not everyone is aware the fact that formal confirmation of meeting specific requirements is only one of the tasks for an organisation. The aim of an overriding importance is creating an organisation culture focused on a change. It is benchmarking that favors such a strategy - a way of improving performance by identifying, understanding, and adapting the best practices and processes found inside and outside an organisation [1], [2]. To become best in class, companies must look beyond quantitative benchmarking targets and identify the unique processes, practices, or corporate cultures that drive success among the industry leaders. Once companies have identified best practices and assessed how their own practices compare to these gold standards, they must plan how to bridge the gap and then execute the planned actions. Most business processes are common throughout industries. For example; NASA has the same basic Human Resources requirements for hiring and developing employees as does American Express. British Telecom has the same Customer Satisfaction Survey process as Brooklyn Union Gas. These processes, albeit from different industries, are all common and can be benchmarked very effectively. "Getting out of the box" can give surprisingly good results [3].

Examinating various benchmarking criteria we need to point out two of its basic kinds: internal benchmarking (comparison between departments or comparison between stations) and external benchmarking (comparison with other companies) [4]. There are three kinds of external benchmarking:

- *Strategic benchmarking*, where we compare our company with the leading company in our branch.
- *Procedural benchmarking*, where we compare our company's procedures (for example, HR procedure concerning workers training) to leading companies procedures in various branches.
- *Marketing benchmarking*, where we analyze our clients satisfaction and compare it with the results of our competitors [5].

Characterizing benchmarking, we need to point out its expediency, which emerges largely from

benchmarking definition. We can point out [6]:

- *Competitive benchmarking*, which is the most difficult cause of the data we need to collect about our competition procedures, actions.
- *Functional benchmarking*, which is the way of finding improvement of our company's function that is realized outside its sector.
- *Universal benchmarking* (horizontal), which is a specific case of functional benchmarking that considers general issues, that are realized in similar ways in all companies, no matter the branch.

We can apply practical analysis of benchmarking usage to any company's area and any level of management - strategic, tactical and operation. Surely benchmarking is a basis of continual improvement process, realized in Quality Management System.

Benchmarking and Quality Management System

Quality Management System is a management system used for leading and supervising our organization with the emphasis to quality, which means focusing on group of product's characteristics determining its assessment [7]. Commonly used phrase that company is managed according to ISO 9001 requirements needs critical verification. QMS should be treated as a management subsystem on the same level as HR management, financial management [8]. Benchmarking can be used in widely in Quality Management System, regarding its implementation, maintaining and improvement. Benchmarking is not included as one of the ISO 9001 requirements and for that we can define it as a way of continual improvement of our organization. We should point out requirements of standardized managements systems for specific branches, which impose the usage of benchmarking analysis and sometimes clients demands for benchmarking- which in their opinion will guarantee at least supplier's knowledge on specific subjects, rather than practical usage of information gathered in benchmarking report.

Benchmarking is a process of information gathering about company's closet environment and application of specific solutions in organizations. Standardized management systems in most cases only point out what should be done, not what kinds of methods and techniques should be used to fulfill the requirements. According to requirements management system should be- established, documented, implemented and effective. Benchmarking can be used for each of those requirements. Excluding the practical usage, information about competitions solutions gathered through competitive benchmarking or even our departments (internal benchmarking) is a great value. Strategic benchmarking seems to be vital - it allows company to define objectives that are related to its competition, assures objective assessment of QMS effectiveness and efficiency. In marketing aspects, analysis focuses itself on the results of customer satisfaction survey and comparing them to other companies. Of course we need take into consideration in what areas information from clients is gathered. If the data collected concerns specific product's characteristics, production processes we need to establish common denominator for those comparisons, in that case similar profile of activity. If the analyzed data is universal, like ISO 9001 requirements, similar profile of activity is not that really important in that case, but necessary for analyzing specific organizational solutions. Analogically to strategic benchmarking analysis carrying out competitive benchmarking analysis can be also hard. Functional benchmarking seems to be appropriate regarding versatility of quality management issues and finding information about specific system solutions not only concerning the companies whit similar profile. In reality universal benchmarking is the most suitable for that kind of analysis's, because it concerns universal solutions and procedures in different companies, regardless of activity profile. That's why it's the best benchmarking method regarding ISO 9001 requirements and their interpretation in implementation and maintaining process of QMS in the organization.

Competitiveness of the EU Food and Drink Industry – Benchmarking In Practice

The European food and drink industry is the largest manufacturing sector in Europe with a turnover of 836 billion euro. It employs 3.8 million workers and serves approximately 480 million consumers with safe and high quality products. Despite a continued trend of concentration, the sector is still highly fragmented with numerous small and very small enterprises. 280,000 SMEs (99.1% of the food and drink companies in the EU) employ 61.3% of food and drink workers and generate 48.5% of the sector's turnover having lower profitability than medium sized or large companies [9], [10].

Labour productivity in the European food and drink industry is considerably lower than in most other industries. The profitability of European food and drink processors, especially SMEs, is not increasing sufficiently to remain competitive in the long run. The EU share in global food and drink exports is declining (over the last 10 years by 15%). During the last three years this trend has been persisting although exports have picked up in 2005 and 2006

The sector shows modest overall growth of production and a positive EU trade balance, however several of the indicators for the industry competitiveness give rise to concern, since as a result of globalization, international challenges are increasing. Low productivity growth rates, slow value added growth and lesser R&D investment demonstrate a weaker performance of the sector in an international comparison [9].

Overall profitability of the sector has not been maintained at a sufficient level throughout the food and drink sector to keep and expand investment, especially in research and development (R&D). According to CIAA report on the EU food and drink industry competitiveness to maintain its position and improve its share on world markets the industry requires greater use of technical know-how and a considerable strengthening of its capacity for innovation.

- There is an urgent need to increase R&D investments in order to support innovation and promote a shift to higher value-added food production. Investment in R&D reaches (on average 0.32% of EU food and drink industry output) is constantly below the R&D spending of the food and drink industry in other developed countries. Even large EU-based companies spend per employee 45% of what non-EU food and drink companies invest in R&D.
- The cost factor remains a concern of exporters calling for access to competitive agricultural raw materials. The EU agricultural reforms that are currently implemented or that will be implemented in the coming years will make EU agricultural raw materials overall more competitive. However, access to competitive agricultural raw materials remains uncertain and poses a particular problem, notably to exporters.
- A multilateral agreement is still a priority but trade policy will require more targeted action to improve access to third country markets for EU food and drink exports. The European market share of the global export market in food and drink products has been shrinking over the last ten years much to the benefit of other exporters such Australia, New Zealand, China and Brazil.
- The high level of administrative burden must be addressed in both a preventive and corrective way to reduce pressure and costs for companies. EU regulations have become very specialised and complex and the excessive amount of prescriptive legal texts has considerably increased administrative burdens and costs of compliance to the detriment of companies and particularly SMEs [9].

The analysis of key competitiveness indicators shows that the European food and drink sector is lagging behind. The situation with regard to production value, value added, labour productivity and export market share versus its main competitors is deteriorating over time. Benchmarking analysis of the sector indicates [10]:

- **Slow growth of the total production value**
  The production value of the European food and drink industry grew at the same pace as the US over the last ten years, but clearly at a lower rate than many of its competitors. Emerging economies like Brazil registered a steep growth of food and drink production.
- **Slower growth of labour productivity**
  Until 2002, labour productivity in the European food and drink industry rose at the same pace as its main competitors. Since 2002 labour productivity growth slowed down and the gap with the US increased even further. The strongest growth of labour productivity is noted in Brazil (27% between 2000 and 2004 compared to 16% in Europe).
- **Constant growth in value added**
  The value added has increased in almost all food and drink sectors, due to the access to better technology and more efficient production techniques. The European food and drink sector performs slightly better than the American one, but worse than the Australian, Canadian and Brazilian food and drink processors. The graph shows the steep growth of the Brazilian food and drink sector which does not only result from an increase in production volume but also from a shift to higher value added products. This has an important impact on the competition in the global market for high value food and drink products.
- **Shrinking share of global exports**
  The European market share of the global export market in food and drink products has been shrinking over the last ten years much to the benefit of agricultural exporters like Australia, New Zealand, China and Brazil.

The UE food and drink industry benchmarks - the sector-specific issues that have a direct impact on the food and drink industry competitiveness at European level are [9], [10]:

- **Research and development (R&D) and innovation**
  European R&D expenditure over the last decade has been generally lower for almost all industries compared with their main competitors. Overall gross domestic expenditure on R&D amounted in 2003 in the US to 2.59% of GDP and in Japan 3.15% whereas in the EU25 this was only 1.92%.
  European food and drink companies, including large companies, spend less on R&D than other EU industries. In addition, R&D spending by European food and drink producers, as a percentage of net sales, is lower than that of their non-European competitors (respectively 1.7% and 2.0% in 2004). The average R&D expenditure per employee by the largest European food and drink industries amounted in 2004 to 3400 euro, while the largest non European food and drink producers spend on average 7500 euro on R&D per employee. In 2006 48% of food and drink companies do not envisage expanding their R&D operations in Europe, 4% consider even closing down R&D activity.
  Most innovation indicators of the EU food and drink industry are below the EU manufacturing industry average. There is also a shortage of R&D personnel. Vacancies for highly specialized food scientists can be especially difficult to fill.
- **Agricultural inputs**
  European food and drink processing industries pay generally higher prices for their inputs than their competitors. For the moment, these price differences can to a certain extent be compensated through export refunds. In December 2005, the EU agreed to eliminate all refunds by 2013 and a substantial part of these refunds at mid-term of the implementation of the WTO agreement. This implies that even before this end date industry will need alternative instruments that will provide support for export and access to competitive raw material. Maintaining and promoting mainstream quality improvement is a key European asset of agriculture production.
- **International trade policy**
  External trade balance registers a slight downward trend. Exports of food and drink products are stagnating at around 45 billion euro, while imports are increasing (plus 8% in 2004) to reach nearly 41 billion euro. The EU food and drink trade balance has resisted better than that of the United States or Japan. Nonetheless, the EU is not exploiting its export potential to the full. A WTO agreement on agriculture is expected to provide a better level playing field and offer better market access opportunities in non-EU countries. Community policies (agricultural policy, export promotion, customs regulations) should also be adjusted to be conducive to trade activity and provide improved support for exporters.
  Export intensity (exports/gross output) remains overall relatively low compared to the size of the EU market. Less than 7% of the EU production value is exported with important disparities, however, among the different sectors of industry. The overall export intensity is comparable to US levels, but much lower than agricultural exporting countries, such as Australia and New Zealand.
- **Burdens derived from Community legislation.**
  Several EU requirements and procedures need to be reviewed or improved because they are burdensome, costly and do not favour a level playing field for the European food and drink sector. The areas where the improvement is needed are: GMO food and feed labeling and traceability requirements, waste management (due to 73% of the European food and drink companies responded that the costs related to the EU waste management requirements are high or very high), EU export and customs procedures (Customs procedures are rated as highly burdensome by 45% of companies in the EU). Policies that are not effectively or not uniformly enforced throughout the EU are giving rise to diverging interpretation at national level, create unnecessary burden and prevent reaching a level playing field. EU laws are still needed in a limited number of areas and in their absence companies face costs to comply with different national legislations [10].

In terms of volume the European market for food and drink products is mature, though in terms of value there is still growth potential for food and drink producers. As a result of a changing European population in terms of age and occupation, food and drink processors face constant changes in consumer demand. The increased health consciousness of consumers and their interest in the nutritional properties of food and drink is leading to the growth of foods with specific properties and nutritional characteristics. Although price also remains a key criterion for most purchasing decisions, pleasure, quality and convenience are driving factors of market evolution. Changing consumer lifestyles and smaller households are increasing focus on convenience and immediate availability. Higher out-of-house consumption, more interest in food or drinks that are easy to serve, easy to eat, easy to open, quick to prepare and portable are trends that will continue developing in future. For example, the compound average growth rate of prepared meals (between 2004 and 2009) is expected to be 4.5% in Europe compared to 2.1% in the US [9], [10].

Conclusions

To sum up, the companies or even industries that use benchmarking effectively discover ways to reduce costs, increase efficiency, profit, and performance. In the process, they learn how to think 'outside the box', make more informed decisions, and manage change more effectively. In practice the best illustration of benchmarking is the saying "It is good to learn on mistakes, especially someone else's, not your owns". Benchmarking meets the requirements of the contemporary management concepts – the suggested solutions and actions cover all fields of an organisation activity and contribute to its sustainable development. The paper let the authors present benchmarking in many dimensions as a universal means for any organisation or even sector to change its culture and to meet the requirements of the contemporary business.

Benchmarking of the EU food and drink industry indicates it has the potential to maintain and expand its role in increasingly global markets. Companies are determined to live up to the challenges they face and need the support of legislators to facilitate and support the process wherever possible. To remain competitive, it requires European policy makers to create a stimulating business environment. Industry has to take up responsibility by making appropriate business decisions, embracing latest techniques and streamlining management. Improving competitiveness will contribute to a sustainable food and drink industry activity and to maintain valuable employment opportunities in Europe. It will allow companies to continue serving European consumers efficiently and responding even more rapidly to their changing needs.

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INFLUENCES OF THE CULTURAL MODELS UPON THE WEBSITES

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Globalization is a complex phenomenon that aroused numerous controversies regarding the balance of its benefits - the fast movement of the technology and information all over the world and its negative aspects – standardization of the products and services. More and more consumers choose products that fit their way of being, that give them the feeling that they are unique. The Web Site is a product like million others, but is a very special one, virtual. The purpose of the present paper is to bring in front the dimensions that differentiate cultures and to analyze the implications they have in the website design.

Keywords: Consumer, Culture, Design, Website

Dimensions of Culture

During 1978-83, the Dutch cultural anthropologist Geert Hofstede conducted detailed interviews with hundreds of IBM employees in 53 countries. As a result of his analysis he determined similarities and differences among the people who were interviewed and he formulated his theory about 5 fundamental dimensions that define the culture of a country. His five dimensions of culture are the following: Power-distance, Individualism, Masculinity, Uncertainty Avoidance, Long Term Orientation.

Another popular cultural framework was proposed by Edward Hall in which he stated that cultures differ one from another in the way they communicate. He classified the cultures in High Context cultures and Low Context cultures. Referring to the particularities of the communication in the two types of culture, there are described the aspects of face-to-face communication, non-verbal communication and it is taken into account the message speed, time perception, directness. Thus, in High Context communication cultures signs such as body language, silence, gestures, proximity and symbolic behavior are very important. Low Context cultures tend to communicate through clear statements in text and speech. According to Hall's view, on a scale moving from High Context Communication towards Low Context Communication, the first placed are the South-East Asian cultures, in opposition to the Germanic countries of Europe, USA.

The Reflection of Cultural Dimensions in Website Design

The differences in communication styles across cultures influence the ways in which websites best communicate their messages. Analyzing the two main behavioral theories and transposing their essence in the design of the websites, we came to define 7 main aspects that need to be taken into account when creating the frames for communication using websites. We consider that the combination of these dimensions is the one who gives distinctiveness to each culture and we tried to explain their effects upon website design. It will not be enough to label a culture with just one of these dimensions; the design should relate to their whole complexity.

Structure of Communication

In High Context cultures tend to use indirect and vague language, relying on the listener's or reader's ability to seize the meaning from the context. Low Context cultures tend to use a more direct approach to ensure that the listener receives the message exactly as it was sent. In Low Context cultures, the sender tries to make as clear as possible the information he wants to send and expects receiving a feedback as clear as possible in return. It is not the same thing in High Context cultures, where the receiver is the one who has to bring together pieces of signs and information and decode the message. The structure of communication is logical and the reasoning when searching the meaning of the message communicated is linear. Not the same thing happens to High Context cultures, where communication is not linear structured, but ambiguous, following parallel and circular patterns of thinking. Since the design of the site is the only one who sends messages to the customer, its architecture should be built using the same thought patterns of the culture the customer belongs to. Logical, linear thinking patterns would imply linear navigation throughout the site, with the same layout throughout the pages of the site. Parallel thinking