

Need of Benchmarking in Indian Manufacturing Industries

Naveen Virmani¹, Ram Nath Yadav², Deo Raj Tiwari³

^{1,2,3} Associate Professor, IIMT College of Engineering, Greater Noida

Abstract:

The aim of each and every organization is to earn more and more profit. Every organization understands that strategies which are required to adopt should aim at maximizing customer satisfaction. Benchmarking is concerned the comparing the performance of industry with the best industry in that particular field.

Keywords— **Benchmarking, profitability.**

1. Introduction and Literature review

Small and medium size industries are the pillars of every country. Today, the customers are willing to spend money to buy quality products [1,2,3 and 4]. Quality is the main focus of every industry. There are various quality gurus like Joseph Jura, Deming, Philip Crosby, Kaoru Ishikawa etc. who have defined quality differently. Extensive literature is available of benchmarking. The journals which are studied are International journal of process management and benchmarking, benchmarking: an international journal, Journal of industrial engineering international, International journal of production economics, International journal of production research etc. Benchmarking is necessary in each and every domain. For example: Any car manufacturing industry may benchmark Mercedes, Audi, BMW, Volkswagen etc. and to follow the operating procedures and techniques to compete in the market.

Benchmarking can be applied in any field like health care, automobile, electronics, electrical, computers, civil, aerospace, medical etc[5-12]. For example, in healthcare doctors have to be up-to-date and well acquainted with latest tools and techniques. [1], Benchmarking defined as: first and foremost, a learning process structured so as to enable those engaging in the process to compare their services/activities/ products in order to identify their comparative strengths and weaknesses as a basis for self improvement and/or self-regulation[13-18].[19], benchmarking have defined two major objectives of benchmarking, assessing the quality and cost performance of an organization's practices and processes in the context of industry-wide or function-specific 'best practice' comparisons. This has been generally used as part of an organization's accountability responsibility to an accrediting, funding or regulatory authority.

2. Advantages of benchmarking

The advantages of benchmarking are:

1. Increased productivity
2. Increased sales
3. Increased profitability
4. Increased quality of products
5. Better quality of products
6. Increased employees morale
7. Better return on investment
8. Increased customer satisfaction
9. Increased market share
10. Better reputation of organization
11. Harmonious industrial relations
12. Standardized procedures
13. Reduced wastages
14. Better utilization of resources

Benchmarking helps in utilizing the resources of industries like land, capital, manpower, machineries etc. more efficiently and effectively. It helps in better quality of products which results in increased quality of products, increased productivity, and increased sales and increased profitability of industry. Benchmarking helps in setting up of standardized procedures to manufacture a particular product. It helps in improving industrial relations; increasing market share and hence better return on investments are obtained. It also helps in reducing the wastages to minimum possible level and improving the employee morale.

3. Types of Benchmarking

The different types of benchmarking are:

- a. Internal benchmarking
- b. Competitive benchmarking

c. Process benchmarking

d. Generic benchmarking

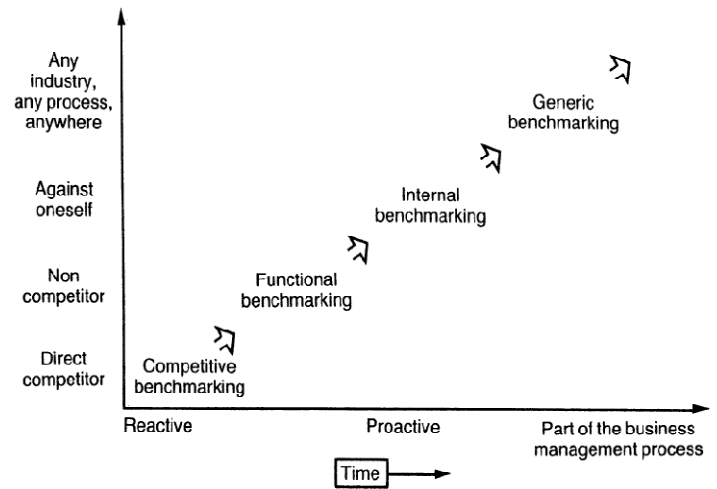


Figure1 : Evolution and types of benchmarking

4. Results and Conclusion

It has been observed that implementation of benchmarking practice helps in improving the all functions and activities of firm's like production, design, maintenance, finance, purchase etc. The ultimate and foremost aim of every organization i.e. profitability is found to be increased by implementing the benchmarking strategy. Also, if the industry gains profit, it can think of welfare and betterment of employees. So employee living standard and morale is increased. So, benchmarking results in overall benefit of all i.e. employer, employees, suppliers and customers.

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