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Article

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Benchmark and Continuous Improvement of Performance

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Abstract *The present Economic Environment is challenge us to perform, to think and re-think our personal strategies in according with our entities strategies, even if we are simply employed or we are entrepreneurs. Is an environment characterised by Volatility, Uncertainity, Complexity and Ambiguity - a VUCA World in which the entities must fight for their position gained in the market, disrupt new markets and new economies, developing their client portofolio, with the Performance as one final goal. The pressure of driving forces known as the 2030 Megatrends: Globalization 2.0, Environmental Crisis and the Scarcity of Resources, Individualism and Value Pluralism, Demographic Change, This paper examines whether using benchmark is an opportunity to increase the competitiveness of Romanian SMEs and the results show that benchmark is therefore a powerful instrument, combining reduced negative impact on the environment with a positive impact on the economy and society*

Key words Benchmarking, performance, portfolio, human resources, corporate leaders

JEL Codes: O15, L25

1. Introduction and literature review

Innovation is a complex long-term process who involves multiple activities, interested parties and resources with the final goal a new dimension of performance (Cameron *et al*., 2001). According to Innovation.cc, is a process related with the "New", because to be innovative is necessary to use New Technology and New Resources, to apply New Knowledge, in order to obtain New Products or New Service. If we "connect dots" as Steve Jobs use to inspire us, the Performance and is directly connect with Innovation and for an entity to be innovative must be willing to perform and disrupt market and economies applying new methods to the madness of originality and sometimes without borders.

In 2003 a Harvard Business School study reported that culture has a significant effect on an organization's long-term economic performance (Hertel *et al*., 2003). The study examined the management practices at 160 organizations over ten years and found that culture can enhance performance or prove detrimental to performance. Organizations with strong performance-oriented cultures witnessed far better financial growth. Additionally, a 2002 Corporate Leadership Council study found that cultural traits such as risk taking, internal communications, and flexibility are some of the most important drivers of performance, and may affect individual performance. Organizations improve culture and engagement indirectly by working on the other on the pressure of Globalization 2.0. Good corporate culture is not accidental. High-performance organizations set, manage, and monitor culture to achieve strategic objectives. The fundamental difference between The Millennials (Y) and the Gen X is the Digital Competence caused by childhood spent in a digital world and in a technical revolution. But things like career goals, employee involvement, leadership and recognition, are the values that Y generation shares with the X's employees.

Unfortunately in many organizations in Romania the human resources performance or the company's performance is limited to monitoring the budget and annual assessments sometimes, but all in terms of financial data. Adegoke *et al*. (2012) disagree with this, arguing that organizational performance should not be measured solely by such indicators.

After 20 years, the generations is changing: starting with ideas, habits, clothes, adopting a new image, speaking in new technological terms, with new individuals and different directions of culture and civilization. Each generation has its strengths, has the set of values that enable him to quickly get to the last step that needs to transcend. And yet which of the three generations have those characteristics that help them quickly assume the risk to be creative and to be free in professional choices? And what are the essential features of a start-up entrepreneur?

Some studies suggest that there are different kinds of innovations, such as: innovation processes, products/services and strategies, which can vary in degree of newness (incremental to radical), and impact (continuous to discontinuous), which may further have their own unique implementations hassles (Ahmad *et al.,* 2012; Bernadin *et al*., 1995; Campbell, 1990; Deci *et al.,* 1999; Georgopoulos and Tannenbaum, 1957; Guzzo *et al*., 1985; Karau *et al.,* 2000; Lebas, 1995; Nybakk and Jenssen, 2012; Robescu and Iancu, 2016; Satell, 2017). If innovation is today's hot commodity, how can business leaders harvest it? They must create conditions in which innovation can thrive in their companies (Erixon and Weigel, 2016). In developing a system of indicators appropriate to the type of business, a first step is to establish within each business unit

the specific objectives accompanied by optimal levels (Weiss, 2001; Sementelli, 2016; Rojon *et al.,* 2015; Pfeffer, 2012; Neely *et al*., 2001). Subsequently, specific indicators are set for each objective and are called responsible for each objective and indicator respectively (Cohen, 1990; Levinson, 1972; Petcu, 2003; Steers, 1975; Yuchtman, 1967).

On the other hand, Cristescu *et al*. (2013) point out the possible critical aspects of organizational excellence, as following: establishing a strong vision and mission, forming policies and strategies, commitment to excellence, managing values and ethics, human development, empowerment and innovation, ensuring people's well-being, using new technologies, suppliers and business partnerships, providing customer care, service and satisfaction.

From this background, it follows that if entrepreneurs are viewed as innovators, creators and sometimes as developers, it will not be out of place to see them as a vital function in the national and institutional development. It is important therefore to study the impact attached to innovation on entrepreneurial success.

Equally, the environment surrounding the transition to a market economy involves changes in the organization, changes that in turn affect the performance measurement system (Kotter, 2014). Considering the current state of the relationship - strategy - organizational culture, the management tools that best meet the new challenges are reunited under the synergy of economic performance (Brown and Harvey, 2006).

This paper is structured in the following way: in the first section, the authors will introduce a number of previous studies; in the second section, research methodology will be discussed; in the third section the results of the study will be shown; finally, the authors will argue the conclusions.

2. Methodology of research

This study used quantitative approach with quota-purposive convenience sampling method and all methods of data collection were conducted from May 2017 until November 2017 in Romanian enterprises. To determine the minimum sample size, we used the following formula:

$$n = \frac{t^2 \cdot p \cdot (1-p)}{\Delta_\omega^2} \quad (1)$$

Where:

n = minimum sample size;

t = coefficient corresponding to the probability that the results are guaranteed (in t student statistical distribution);

p = proportion of sample components that have the researched feature (when the "p" value is not known, it is considered 0, 5 - corresponding to the maximum dispersion);

Δ_ω = acceptable error limit.

Sectors involved in the survey are: agriculture, manufacturing, environmental industries and construction. The survey instrument used for this study was a combination between an email questionnaire survey and research interviews. We also used the Likert Scale (1 = almost always, 2=to a considerable degree, 3=occasionally, 4=seldom and 5=never). The questionnaire includes questions regarding the entrepreneurs' perception towards benchmark and those questions are focusing on the following hypotheses:

H_1: *Entrepreneurs having environmental knowledge have an inclination to benchmark*.

H_2: *There is a positive relationship between benchmark and the financial performance of SMEs*.

For the final survey, a total of 120 questionnaires were collected, containing information regarding the entrepreneur's attitude towards benchmark and the firm-level financial performance using benchmark.

3. Result and discussion

In the internal consistency reliability, Cronbach's α coefficient is used. This study makes the message number as independent variables and benchmark as the dependent variable. Data was analysed using ANOVA.

Table 1 shows the results of ANOVA with participants overall shift to inspect H_1. It is shown that there are significant differences regarding the attitudes of Romanian entrepreneurs towards benchmark ($p<0.001$). The results support our predictions of H_1.

Table 1. Attitudes of entrepreneurs towards benchmark

	SS	*DF*	*MS*	*F-Value*	*P-value*
Between	3.741	0.75	3.741	15.021***	0.000
Within	72.525	203.25	0.159		
Sum	76.266	204			

Notes : *p<0.05, **p<0.01, ***p<0.001

Table 2 shows the results of ANOVA with participants overall shift to inspect H_2. It is shown that there are the significant differences between benchmark and the financial performance of SMEs (p<0.001) and further analysis of the mean value of SMEs' financial performance. The results support our predictions of H_2.

Table 2. Differences between benchmark and the financial performance of SMEs

	SS	*DF*	*MS*	*F-Value*	*P-value*
Between	1.875	1	1.875	5.22*	0.002
Within	34.388	95	0.257	19.72	
Sum	36.263	96			

Notes : *p<0.05, **p<0.01, ***p<0.001

By analysing the results of the survey, benchmark brings a large number of socio-economic benefits both for firms directly involved in its production and society as a whole. Future benchmarking generates the required precision to help decision-makers come up with new strategies based on informed assumptions and business requirements. It focuses on finding innovative ways to acquire and retain customers, which are valuable sources of revenue. In order for this strategy to work, one needs to understand the way in which their industry and customers are evolving. Furthermore, while competition is taking advantage, knowing how to cope with technological and social change is a must, and therefore an organization must be capable of making its own mark in the future development of the market and industry.

4. Conclusions

Context of globalization, the threat of financial crises, the positioning in a competitive market, determined the leaders of the future to adopt in the organization management innovation through finding new ways of talent acquisitions, allocating resources and formulating objectives and strategies. The goal of management Innovation is to help the entities to achieve new performance thresholds and to build a sustainable competitive advantage and a reputation.

According with this study the benefits of Benchmarking are related at: the organization's because the process help them to understand weaknesses and strengths, allows to realize what levels of performance is really possible to achieve comparing with others, explain why these differences between organizations exist, help to improve de competitive advantage and is cost-effective and time-efficient way of establishing more innovative ideas. Regarding the customers, Benchmarking, helps better satisfy the customer's need by establishing new standards and goals and motivates employees to reach new standards and to be connected at new developments. Benchmarking is a Key Business Process (KBPs): Product Development, Customer Service, HR Practices, Inventory Control, Research and Development and in the same time operate changes in four critical point of a business activity: Cost Management, Product Quality, Product Design and Organization Image.

In conclusion, corporate leaders are redefining the purpose of their companies to include broader social, environmental, and ethical goals, and thus deliver expanded value to the communities and stakeholders they serve. Companies are introducing transparent reporting systems that enable them to track and simultaneously achieve triple-bottom-line outcomes. These integrated reporting systems shine light on social and ecological outcomes, as well as financial performance. Organizations have crafted strategies in which social and environmental concerns are integral components and drivers of their business models, not just bolt-on.

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