



# Revising the concept and forms of benchmarking

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**Abstract** This study suggests that the most recent developments in the content, forms and targets of benchmarking represent a challenge to revise its concept and classification for both theoretical and practical purposes. This problem is approached through the interpretative, heuristic-descriptive concept method that aims to understand the concepts and their definitions in order to re-interpret the entity of the meanings. The first phase of the study applies the idea of the evolving concept, originally introduced by Watson and further modified by Ahmed and Rafiq. Its five generations are supplemented with two newcomers – competence, and as an option, network benchmarking. In the second phase these generations are then categorised by further developing Bhutta and Huq's two-dimensional matrix. This provides a three-dimensional profiling tool that could be used in analysing and conducting benchmarking processes. It covers the newest forms of benchmarking and is suitable for different targets. It also leads to a definition depicting the current outlook on benchmarking. The findings indicate that the evolving nature of the concepts and forms encourages us to revise our understanding of the theoretical bases of benchmarking. The results also indicate that benchmarking has potentials in many directions, encouraging both theoretical and empirical studies as well as their interaction.

## Benchmarking concept

Benchmarking has established its position as a tool to improve organisations' performance and competitiveness in business life. Recently, it has also extended its scope from large firms to small businesses and public as well as semi-public sectors (e.g. Ball, 2000; Davis, 1998; Jones, 1999; Kulmala, 1999; McAdam and Kelly, 2002). Its definitions and classifications vary between scholars according to the time and criteria they focus on. For example, Kulmala (1999) suggests that benchmarking refers basically to the process of evaluating and applying best practices that provides possibilities to improve the quality. According to Bhutta and Huq (1999, p. 255) "benchmarking is first and foremost a tool for improvement, achieved through comparison with other organisations recognised as the best within the area". On the other hand, Ahmed and Rafiq (1998) argue that the central essence of benchmarking is the learning how to improve activities, processes and management.

These aspects of evaluation and improvement by learning from others are embedded in different forms of benchmarking regardless of the definer (e.g. Ball, 2000; Büyüközkan and Maire, 1998; Carpinetti and de Melo, 2002; Comm



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and Mathaisel, 2000; Elmuti and Kathawala, 1997; Fernandez *et al.*, 2001; Longbottom, 2000; Prado, 2001; Watson, 1993; Yasin, 2002; Zairi and Whymark, 2000a, b). The target, bases and nature of definitions, however, have changed in the course of time.

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Hence this study suggests that the evolving nature of benchmarking as a phenomenon and as a concept, and especially the most recent developments in its content, forms and targets represent a challenge to revise its concept and classification for both theoretical and practical purposes. Accordingly, the research question could be formulated as follows: how do the most recent developments in the content, forms and targets of benchmarking revise its concept and classifications? In order to approach this challenge, I apply the interpretative concept method only recently introduced by Lämsä and Takala (2001).

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### **The interpretative concept method**

In this methodological section, I first identify and position the applied interpretative, concept method in the field of concept methods. Then, I describe its content and process with the relevant philosophical commitments and apply these to this research. Finally, the data is specified and the nature of the analysis described.

Conceptual methodology consists of two basic branches – analytical and interpretative. The interpretative branch aims to find the meanings included in concepts, and their definitions, in order to expand the understanding of that concept. Contextuality and a theoretical thematisation distinguish the interpretative branch from the analytical study, and justify it as a methodological alternative in the human sciences.

Contextuality in this study closely relates to time in two respects: firstly, this study is anchored to and guided by the previous conceptualisation and, secondly, it considers the current and future needs for conceptualisation. Theoretical thematisation is actually one of the key aspects in this study, since benchmarking has gained its position as a developmental tool for practical purposes, rather than as a theoretically-defended phenomenon in a scientific debate. This study therefore attempts to focus on explicating the conceptual bases of benchmarking for further scientific studies.

Among its four categories, i.e. heuristic, theory-bounded, descriptive and critical, this study could be positioned somewhere between the heuristic and descriptive concept methods. The heuristic method derives from concepts and their definitions and can, for example, be limited to the concepts of a few well-known contributors. The descriptive method, in this regard, is more focused on the understanding of a concept by finding, describing and interpreting the entity of meanings. (Lämsä and Takala, 2001). It emphasises the further development of the concepts and their definitions, found in other writers' texts. Lämsä and Takala (2001) suggest that, at best, the descriptive conceptual study

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might provide “a fertile re-interpretation from a completely new perspective”. This study aims towards re-interpretation, even though not from a completely new perspective, but rather attempts to interpret the understanding of benchmarking as a dialogue between its previous conceptualisation and new needs that have emerged. This dialogue aims to provide the entity of meanings that might be used as a basis for a scientific debate.

The relationship between scientific debate and a practical applications relates to and is dependent on the epistemological and ontological presumptions of the study. Lämsä and Takala (2001) argue that the validity of the interpretative concept method is analogous to the adopted assumption of reality, since the use of a method always includes a set of commitments from the philosophy of science. The concepts and their meanings must be seen as ever-changing, dynamic processes. These assumptions are at the core of this study. The concept of benchmarking is viewed as an evolving and dynamic phenomenon.

The epistemological and ontological presumptions in this study are based on a pragmatism that aims to find a solution to non-dualistic ideas of reality. Instead of claiming that reality consists of two disparate parts such as appearance and reality, the mind and body, spirit and nature and consequently knowledge are guided by binary thinking; as for example, realism assumes, pragmatists strive to understand reality through action. For them, truth is an acquired quality. For Dewey (1951), it is something that is happening to an idea while verifying it, while for James (1913), it is the same as a process of verification. According to Sarvimäki (1988), “in his action, interaction and co-action with the world man gets to know the world and his knowledge guides his further action”. Consequently, pragmatist knowledge is situational and contextual, as the interpretative concept method assumes. On the other hand, the phenomenon of benchmarking has developed, as pragmatists assume, through action and for action. Thus the process of scientific conceptualisation and a practical application is dialectical and interactive. This means that a scientific debate is for action and deduced from action, as the contextuality in this study emerges. Thus the study aims towards both: on the one hand, to conceptualise the current understanding of the benchmarking concept in order to advance the theoretical discussion in this field, while on the other hand, advancing conceptualisation is assumed to lead towards better practical applications.

Adopting pragmatism to research also requires that it is viewed as a process, in which the previous phase creates assumptions and leads to the next phase. Usually, the interpretative research process is regarded as a hermeneutic spiral. Pragmatism supplements this by explicating the nature of the action involved in this process.

Consequently, this study consists of three phases. The first adopts an evolutionary approach that expands due to the dialogue with the most recent

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findings. Phase two compares this extended evolutionary approach to the available conceptual classifications. This comparison brings to light the problems in the current classifications. Phase three aims to reconcile these problems by constructing a new extended approach to conceptualising.

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For data, this study leans on the writings of a few well-known contributors, whose' ideas are blindly reviewed and thus represent the legitimized understanding of the phenomenon. The data of the other participant in this dialogue, namely the articles concerning the latest developments in this field, consist of both blindly-reviewed articles and other publications. The latter enrich the dialogue with the most recent findings that question the contemporary conceptualisation and thus represent future needs in this field. These kinds of choices are always limited and open to criticism, since there are most certainly other contributors that might provide a different approach to this same problem. The ideas of the contributors interplay dialectically with the newest findings in this field, leading through reflective thinking, to a new conceptual frame. At the same time, it is intuitional and rational (Lämsä and Takala, 2001). The difference between analytical and interpretative concept analyses also emerges in this dialectical interpretative process.

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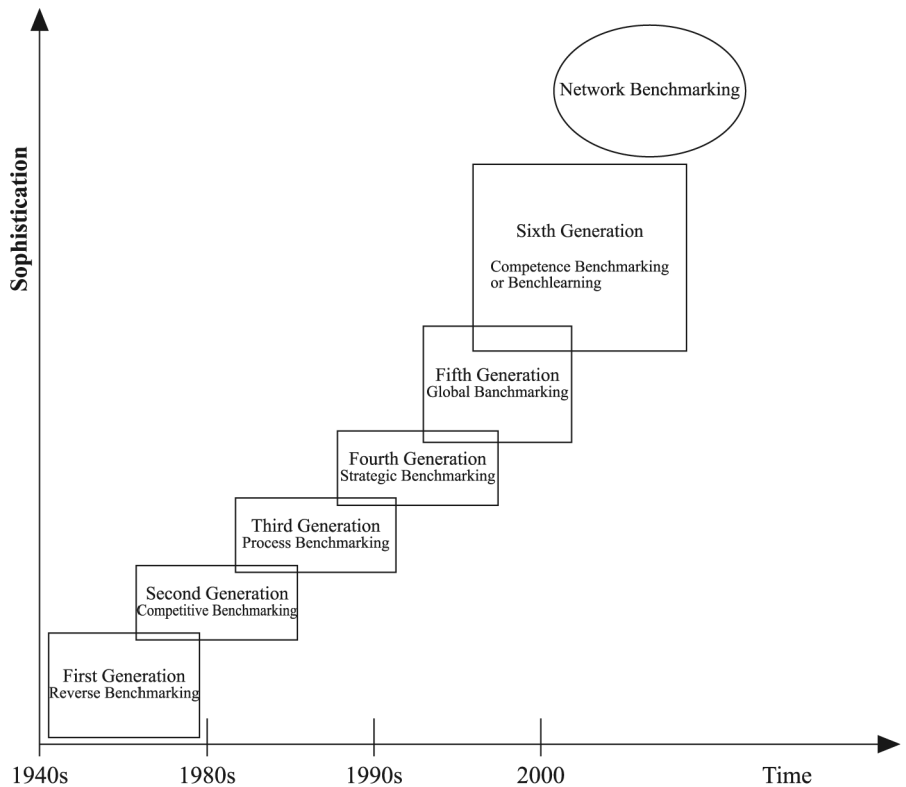
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### **Evolutionary approach to benchmarking**

Watson (1993) suggests that benchmarking is an evolving concept that has developed since the 1940s towards more sophisticated forms. He proposes that it has undergone five generations.

The first one, entitled “reverse engineering”, was product oriented, comparing product characteristics, functionality, and performance of competitive offerings. Most authors, however, position this generation to developments taking place in Rank Xerox at the turn of the 1980s (e.g. Kulmala, 1999). Second generation “competitive benchmarking” involved comparisons of processes with those of competitors. Third, process benchmarking was based on the idea that learning can be made from companies outside their industry. Hence sharing of information became less restricted, non-competitive nature of intelligence gathering. But at the same time it required more in-depth understanding and needed to understand similarities in processes, which on the surface appear different. Fourth generation, in the 1990s, introduced strategic benchmarking, involves a systematic process for evaluating options, implementing strategies and improving performance by understanding and adopting successful strategies from external partners. Typical to this perspective is continuous and long-term development and the aim to make fundamental shifts in process. With fifth generation this was complemented by global orientation (Ahmed and Rafiq, 1998) (see Figure 1 for a graphical representation of the different generations of benchmarking).

Looking at the most recent studies this evolutionary path has received a newcomer - competence or learning benchmarking. The basic philosophy



**Figure 1.**  
Different generations of benchmarking

**Source:** Modified from Ahmed and Rafiq (1998, p. 288)

behind competence benchmarking is the idea that the foundation of organisational change processes lies in the change of actions and behaviour of individuals and teams. Karlöf and Östblom (1995) use the term benchlearning, which also refers to a cultural change in efforts to becoming a learning organisation. Organizations can improve their effectiveness by developing competences and skills and by learning how to change attitudes and practices.

Kulmala, for example, has analysed this form of benchmarking in the context of a vocational adult education centre in Finland, in order to develop teaching competences. He used a generic partner that was familiar with benchmarking processes. The results indicated that benchmarking was a useful tool for interactive learning (Kulmala, 1999). In the small business sector, McAdam and Kelly (2002) obtained similar findings from generic benchmarking. Within seven small firms they found how important for success was the change in attitudes towards customers and how essential was the developing of collaborative learning and company culture.

Even though learning as a part or as a core of benchmarking has walked all along the evolutionary development, towards the end of twentieth century its nature, scope and shape had changed. Previously the focus was on model learning and, as Bhutta and Huq (1999) suggest, with problem-based orientation. The contemporary tendency is more process-oriented. It also aims to find solutions for “how questions” rather than focusing on “what questions”, i.e. how things happened and how to apply them within organisations. Most recent studies also expand learning from individual and group level towards collective learning aiming to influence on organisation culture (e.g. Zairi and Whymark, 2000a, b). Even though the term competence or learning benchmarking is still rarely mentioned, this change is evident in the contents of many authors (e.g. Ball, 2000; Bhutta and Huq, 1999; Comm and Mathaisel, 2000; Elmuti and Kathawala, 1997; Fernandez *et al.*, 2001; Jones, 1999; Zairi and Whymark, 2000a, b).

The idea of learning from others was accompanied by learning with others. This takes place within the organisations as well as between organisations. A recent example of this is Prado’s (2001) article of Spanish companies. It describes business networking for experience sharing in quality. The sizes of companies varied and they came from different industries, but they had a mutual problem. This might be a promising opening for perhaps still a new form of benchmarking, namely networking benchmarking.

Advantages of networking can be reflected through the criticism the model learning has received. Longbottom (2000) raises the dilemma between copying competitors and gaining competitive advantage through distinctive performance. On the other hand Davis (1998) proposes, that especially in the public sector, instead of benchmarking antique practices, it would be better to invent new ones. Another argument against model learning relates to the changing environment (e.g. Hammer and Champy, 1993). The idea is that imitating the existing practices is too slow and incremental. Consequently, there is a need for faster and more radical approaches. Senge (1990) describes this difference as adaptive and generative learning. Adaptive learning in benchmarking aims to identify the practices that help in adapting to changes. Generative benchmarking addresses its attention to the innovative solutions and possibilities in order to create for the future.

From that perspective changes in learning and its orientation do not only extend the scope of benchmarking into internal learning processes, but also affect on the benchmarking partners. Generative solutions for future excellence are more flexible in this respect. Contemporary competition is not so heavily focused, but rather the mutual problem for the future. This motivates and allows experience sharing in networks.

On the other hand networks have established themselves also as a business structure on a local, regional, national as well as international level. This complicates choosing both participants and partners. Instead of one single unit

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or organisation benchmarking might involve a network on both sides as participants and as partners as Prado's (2001) example indicates.

Finally, when benchmarking has expanded its context from private sector into public- and semi-public sectors we face new challenges. The basic nature of public services is not to compete with each other, but rather they have been established in order to provide best possible services as effectively and efficiently as possible. If one organisation succeeds in providing excellent solutions it is suppose to be open for others as well. The focus is more on cooperation rather than on competition. This concerns also international arenas. Of course this becomes more complicated when public and private sector's practices are mingled and they for example, offer similar services with genuine competition.

The need for generative, future oriented solutions, the structural changes in business as well as other organisations, the emergence of public sector organisations with their specific problems are all aspects that support the idea that networking benchmarking might be a new type of benchmarking in the future. These aspects do not easily find their natural place within contemporary forms of benchmarking, thus there is a need to extend the benchmarking definition.

Compared to Watson's (1983) model of generations the most recent studies of benchmarking seem to provide two new approaches – competence and networking generations. Thus we have seven different options that provide raw material for different classifications.

### **Classifying benchmarking**

Different authors have divided or combined these generations of benchmarking according to different criteria, e.g. aim, focus and/or, the bases and target of comparison. The basic claims behind these efforts are that from the benchmarker's[1] perspective different forms are not mutually exclusive but rather complementary and that both the form and its content are context-bound and thus it should be chosen and customised for each purpose (e.g. Bhutta and Huq, 1999; Carpinetti and de Melo, 2002; Elmuti and Kathawala, 1997; Kulmala, 1999; Longbottom, 2000; Fernandez *et al.*, 2001).

For that purpose Bhutta and Huq (1999) introduce an integrated matrix with two dimensions; to what is compared and what the comparison is being made against. They suggest that each combination in the matrix should be evaluated according to its relevance into three categories – high, medium and low. They also provide general grading for each combination (see Table I).

Bhutta and Huq (1999, p. 257) define performance benchmarking as a comparison of performance measures for the purpose of determining how good the company is as compared to others. Process benchmarking concerns methods and processes aiming to improve the processes of the company.

Finally strategic benchmarking is needed when the company aims to change its strategic direction and the comparison relates to how the strategy is made.

As comparison partners, Bhutta and Huq use organisation itself (internal), competitors, own industry or technology (functional) and finally best practices regardless of industry (generic).

Compared to the evolutionary classification the matrix seems accurate as far as the focus is on the first four generations. It covers their essential features and advances the classification. When it comes to the most recent developments, however, it encounters some problems. It is hard to find a consistent way to position the global, competence and the option of networking benchmarking within this frame. Most efforts result in inconsistencies and in overlapping concepts. Also the definitions might turn out to be inadequate for describing the actual problems and a nature of benchmarkers. Using only two dimensions for classifying the whole field thus appears insufficient. Also when the number of dimensions and possible options increase the scaling of low, medium and high relevance might turn out to be inadequate too, simply because some of the specified options might end up unnecessary or excluding one another. In order to demonstrate these difficulties I make an effort to elaborate these claims and to find suggestion for solving some of these problems.

Adopting Watson's (1983) claim that benchmarking has developed towards more sophisticated forms, the targets of performance, process and strategic benchmarking appear consistent. The idea that in order to improve competitiveness we should understand more about the processes that provide the outcomes is a larger and deeper target involving performance, processes and their interaction. Strategic approach can be regarded even larger, since it concerns the whole organisation. On the other hand, we can claim that strategic changes need to consider both performance and processes. Thus it concerns the interaction between strategy, performance and processes. Within that context the competence benchmarking is not an advanced form expanding the scope, but rather deepening the process and the strategic benchmarking with two aspects. It introduces competencies of individuals and groups as well as extends the scope of learning into a collective level. The other forms of benchmarking can conceptually either include these aspects or not. Therefore it is hard to find a consistent place for competence benchmarking either as a separate form or as a part of these three categories.

What is benchmarked	Internal	Against what to benchmark		Generic
		Competitor	Functional	
Performance	Medium	High	Medium	Low
Process	Medium	Low	High	High
Strategic	Low	High	Low	Low

**Source:** Bhutta and Huq (1999, p. 257, originally adapted from Leibfried and Mcnair, 1992)

**Table I.**  
The matrix of different forms of benchmarking



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The option of networking benchmarking might be regarded as an advanced type relating to both the target and the partner. Instead of focusing on one organisation it covers the whole net of organisations. Thus it should have its place in both dimensions. On the other hand, when we look at partners' categories networking might be connected as an option to all of them, internal, competitor, functional and generic. Consequently, it is not in fact consistent within that classification.

We come across similar difficulties with the global orientation when it comes to competitor, functional and generic benchmarking. Global benchmarking was claimed to be a specific generation, i.e. a form of benchmarking, but a global dimension can also be connected to all of these three forms. Thus instead of choosing only the target and partners of benchmarking, the benchmarker needs to define also the geographical scope. This does not concern only the target of benchmarking, but might also appear when it comes to benchmarker's own position and aims. It is possible to benchmark global practices, even though the benchmarker itself doesn't operate or aim to operate globally. Actually, the scope from both of these perspectives might not be only the choice between global or something else, but rather more specific like local, regional, national, specific geographical area or alliance, e.g. the EU, which has great impact on strategy, process and performance. The largest option is, of course, global.

Finally, the functional benchmarking in fact conceptually contains both the target and the partner. Technology refers to what to benchmark and industry to the partner. If we want to make the difference between two dimensions, functional benchmarking as a partner is inconsistent.

These difficulties in consistency within and between different forms of benchmarking indicate that classifying benchmarking as an integrated approach is indeed a complex task. Taking into account the most recent developments and also the need for positioning and evaluating a specific case within this field requires rethinking and some modifications. Next I make an effort in order to go forward this aim.

### **From classification towards profiling**

An effort to construct a categorisation follows two criteria. First, it attempts to cover the different forms of benchmarking as extensively as possible. Second, it aspires to hold the consistency between and within categories as much as possible. This aims to allow the use of categorisation for two purposes; first mapping the possibilities for conceptualising and second for positioning and evaluating specific cases within the field of benchmarking. Thus a theoretical aim leads to practice as pragmatists assume.

In order to follow both suggested criteria, the two-dimensional model is insufficient, since actually there are three dimensions, or rather factors, in each form of benchmarking. These are:

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- (1) a benchmarker referring to who is benchmarking;
  - (2) a target referring to what to benchmark; and
  - (3) a partner[2] referring to with whom or against what to benchmark.

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Less attention has been addressed to the first one, the benchmarker. In the early phases benchmarking focused on private sector organisations and there was no need to problematise that. Consequently most part of the literature and research still use business-oriented concepts such as a firm, a corporation or an enterprise. However due to the recent developments both our criteria and our aims assume that we also specify explicitly the structure and the scope of a benchmarker. This need emerges since both benchmarkers' structures and the content of benchmarking have become more complex. For that purpose we have three basically different options i.e. an organisation, a unit in the organisation and a network. In this context the concept of an organisation refers to a firm, a public- or a semi-public organisation[3]. A unit is a context bind and can be defined according to the organisation in question. This division solves the problem of defining the network from the benchmarker's perspective. Since these three options are not complementary, there is no need to scale them.

The global benchmarking brought us another category, i.e. geographical scope. It should be taking into account both from a benchmarker's and a partner's perspective in order to hold the conceptual, internal consistency.

It was suggested that it might be useful to define it more specifically than just as a global option i.e. as local, regional, national, specific geographical area or alliance or global. The relevancy of this division might have been minor in the history of benchmarking when benchmarkers were mainly large firms, and the tendency to form regional alliances was not a focal issue as it currently is. Also the emergence of small firms in benchmarking might make a difference in this respect, since for them it is relevant to make more specified distinctions between geographical areas. Geographical scope also profiles and guides the choices for further categories. Thus it is needed in order to follow our second aim; to allow positioning and evaluating specific cases within the field of benchmarking.

Since the benchmarkers might have either future or current preferences or the relevance of their current activities varies in different geographical areas, these categories are not exclusive, but rather complementary. Thus the scaling of relevancy is needed. However, since some of the options might be non-relevant I suggest that we complement the scaling of low, medium and high as Bhutta and Huq suggested with this fourth option.

For the second factor, the target, it is also hard or even impossible to find a solution that either follows Watson's (1983) idea of evolution towards more sophisticated forms of benchmarking, or that would consist of exclusive categories. It was found that even though three forms of benchmarking;

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performance, process and strategy options might meet both of these criteria, the competence benchmarking confused this classification. Also technology was found to concern a target rather than a partner. Thus instead of assuming relations and causalities within options, I suggest that we form categories focusing on only one target at a time and assume relationships between these categories. Consequently, we have to grade them according to their relevance. These modifications make it possible to follow both of our criteria and they also facilitate approaching the aims.

This reasoning generates five different targets:

- (1) performance;
- (2) technology;
- (3) process;
- (4) competence; and
- (5) strategic.

Relationships between these are embedded in the scaling. For example, if we choose process that closely relates to the performance produced through these processes, we grade both of these options, however perhaps with different relevance.

In order to cover the qualities of different forms of benchmarking as extensively as possible, we have to also give a more detailed profile to the partner, i.e. to define its structure, nature and geographical scope. When it comes to the structure and the geographical scope, it is logical to apply benchmarker's divisions. As far as the nature of a partner is concerned it is possible to employ Bhutta and Huq's (1999) categories with a slight modification. It concerns the functional benchmarking, that according to their view, involves both own industry and technology. This classification, however, regarded technology as a target, while the industry clearly relates to the partner.

On the other hand, industry is a tricky concept that has recently been complemented with such concepts as a sector or a cluster. This reflects complex changes that have taken place in the whole supply and competition environments. Therefore I propose that this could be taken into account also in the classification by extending the content of this category to cover them as well. Since these categories consistently proceed from a smaller to a more extensive context, there is no need for scaling, but a benchmarker can choose one of these.

Thus we have three factors and six categories containing different options. Factors and categories are internally and inter-rationally consistent. In order to cover different benchmarking forms it wasn't possible to find absolute internal consistency within the options in three categories. Scaling, however, solved this problem (see Table II). Thus this construction appears to fulfil the criteria stated at the beginning. It also facilitates the aim of the positioning and evaluating specific benchmarking cases. The nature of this construction,

<i>Who = a benchmarker</i>						
1. Structure	Unit	Regional	Organisation National	Network International	Larger alliance	Global
2. Geographical scope <sup>a</sup>	Local					
<i>What</i>						
3. Target <sup>a</sup>	Performance		Technology	Process	Competence	Strategic
<i>With/against whom = a partner</i>						
4. Structure	Unit		Organisation Competitor	Network Same industry sector or cluster	Generic	
5. Nature	Internal					
6. Geographical scope <sup>a</sup>	Local	Regional	National	International	Larger alliance	Global
<b>Note:</b> <sup>a</sup> Scaling of relevance: 1 = non relevant; 2 = low; 3 = medium, 4 = high						

**Table II.**  
The categories of benchmarking

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however, differs from the matrix introduced by Bhutta and Huq (1999), since it is rather a profile than a collection of different combinations of benchmarking. In order to attain the other purpose of mapping the possibilities for conceptualising necessitates specifying definition from these categories. Starting from the general aspects of benchmarking and complementing them by following the Table II we arrive at this definition:

Benchmarking refers to evaluating and improving an organisation's, its units' or a network's performance, technology, process, competence and/or strategy with chosen geographical scope by learning from or/and with its own unit, other organisation or a network that is identified as having best practices in its respective field as a competitor, as operating in the same industry, cluster or sector or in the larger context with chosen geographical scope.

Even though this definition is a bit clumsy compared to some of the more general definitions, it depicts the current outlook of this field and most certainly will evolve in the future as we can learn from the history of benchmarking.

Finally, it should be pointed out that the factors and the categories presented in Table II are not chronological but rather interactive as, for example, Bhutta and Huq (1999) suggest. Thus when it comes to choosing and defining each benchmarking case and evaluating and reflecting its outcomes, this should be taken into account.

It was argued that this new, more specific classification or rather a tool for profiling benchmarking, facilitates the positioning and evaluating specific benchmarking cases. Consequently it could be assumed that it also might help in conducting the actual process of benchmarking as pragmatism requests.

### **Summary, conclusions and implications**

This study searched for an answer to the question: how do the most recent developments in the content, forms and targets of benchmarking revise its concept and classifications? It was claimed that, due to the most recent developments, benchmarking requires some conceptual rethinking. It was argued that the need for re-conceptualising is due both to the appearance of three new forms of benchmarking (i.e. a competence benchmarking, a global benchmarking and, as an option, a networking benchmark) and new fields of benchmarking (i.e. public- and semi-public sectors, as well as small firms). Adopting a heuristic-descriptive concept method that was engaged to pragmatism led to a research process with three phases.

The first phase adopted Ahmed and Rafiq's (1998) adaptation of Watson's (1983) evolutionary model of different benchmarking generations. Competence and networking benchmarking supplemented it. In the second phase I applied Bhutta and Huq's (1999) integrated two-dimensional matrix that offered twelve different benchmarking combinations for positioning and evaluating specific benchmarking cases.

It turned out, however, that new developments required more detailed classification. Instead of two dimensions with supplementary options, I

identified three interactive factors – a benchmarker, a target and a partner – having altogether six categories and 27 options. Three of the categories turned out to be supplementary, requiring relevancy scaling. Together, these covered all available forms of benchmarking. Instead of a matrix I ended up rather with a tool to position and profile specific benchmarking cases. This tool led also to the definition that depicted the current outlook on benchmarking. Together, the profile tool and the definition comprise the answer to the research question. They clarify how the most recent developments in the content, forms and targets of benchmarking have revised its concept and classifications.

A concept method elaborating the current state of benchmarking has brought to light two new forms and the draft of a new frame of benchmarking, both needing further theoretical studies and practical implementations.

The engagement to pragmatism assumed that scientific conceptualisation and a practical application are dialectical and interactive. Advancing conceptualisation was thus assumed to lead towards better practical applications. For pragmatists this takes place through action.

This engagement can be delineated from two directions. The aim to advance theoretical debate with conceptualisation expands the possibilities of also using benchmarking as a research method, besides its use as a developmental tool. There is a need to find more action-bound scientific methods in order to encourage the dialectical process between science and practice. Combining pragmatism with benchmarking offers an excellent option for this, leading in turn in two directions: to a special kind of case study and to an action research method. However, this would require that the process of benchmarking would also be conceptually explicated and bound to a suitable theoretical frame. On the other hand, explicating the process of benchmarking offers a tool for reflecting on the actual processes, and might thus lead to better practices. The contribution of this study might be seen as an effort to pursue this direction.

The other direction leads to conducting the actual benchmarking processes. Public-sector organisations and small businesses, in particular, might benefit from the option of networking benchmarking. The latest research in education might provide some new insights into learning in networks. In this respect the profiling tool might help in delineating the role, position and nature of networking in the benchmarking process. It thus offers a tool to plan and reflect on the outcomes of a specific benchmarking process.

Explicating the role of the benchmarker, something that has not been emphasised previously, might advance reflection and also improve the process at a more general level. Assuming that being both individually and collectively aware of the aims and means improves performance and decreases unintentional outcomes, this tool might be useful in all benchmarking forms.

However, since it has only just been developed, it is most certainly open to criticism that can sow the seeds of improvements, as pragmatism assumes. Its shortcomings can be addressed in both, methodology and content.

Interpretative, descriptive concept research has been opened up quite recently, and criticism should be addressed at the dialectical nature of the research process, that was supposed to be at the same time intuitional and rational. After adopting this idea, experience shows that it is very hard to argue solidly for such a process. In this respect, in the field of pragmatism, Pierce's system of reasoning might offer some help.

As far as the theoretical criteria regarding the profiling tool are concerned, there is a long way to go to reach a compact scientific definition, that could be firmly argued for. The reasoning I have used contains overlapping elements, leading to the need for scaling the importance of different factors, rather than finding core elements that at the same time capture the whole phenomenon and exclude neighbouring phenomena. In this respect this study can be regarded as a very preliminary and modest categorising effort towards theorising the benchmarking phenomenon. Because the phenomenon itself is dynamic and changing, the aim is even more challenging. This work would also need a close interaction between theoretical and empirical studies in order to give more profound results.

These suggestions indicate that benchmarking has potentials in many directions, encouraging both theoretical and empirical studies, as well as their interaction.

#### Notes

1. The term "a benchmarker" refers here to the organisation or the unit, which wants to improve its activities by learning from or with others.
2. From now on, I will use the term "a partner" as referring to both against or with what to benchmark and to those specific organisations or units benchmarking is taking place against/with. Usually a partner refers to the latter. The context reveals which one is in question.
3. Conceptually, organisation in management literature can refer to any organised structure, thus covering also the structure of a network or even the whole economy or regional alliance like the EU. In this respect, I use a narrow, specific meaning for an organisation.

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