



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**THE PRACTICES AND CHALLENGES OF
BENCHMARKING IN SELECTED ETHIOPIAN
COMMERCIAL BANKS**

BY
YONAS YEMANE

DECEMBER, 2014
ADDIS ABABA, ETHIOPIA

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**ST. MARY'S UNIVERSITY
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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Ato Teklegiorgis Assefa (Asst. Prof). All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

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December, 2014

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for Examination with my approval as a university advisor.

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LIST OF ACRONYMS

A.A	Addis Ababa
BPR	Business Process Reengineering
BSC	Balanced Scorecard
ECBs	Ethiopian Commercial Banks
EVA	Economic Value Added
G.C	Georgian Calendar
IT	Information Technology
KII	Key Informants Interview
NBE	National Bank of Ethiopia
S.C	Share Company
SPSS	Statistical Package for Social Sciences
TQM	Total Quality Management
U.K	United Kingdom
U.S.A	United States of America

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ABSTRACT

Banking sector is one of the most successful financial institutions in Ethiopia; however, there is almost no study on benchmarking about this sector. This study investigated the practices and challenges of benchmarking in selected Ethiopian commercial banks. The increasing knowledge and understanding on the practice of benchmarking, for the area in which this research was undertaken by referring of the research undertaken in other country, were taken as the major initiators of this study and were the rationale to the research. This study focused only the practices and challenges of benchmarking in selected Ethiopian Commercial Banks. The study employed both qualitative and quantitative study approaches. To achieve the objectives of the study respondents were drawn from four private commercial banks since their job is directly related to management practices. Data was collected through questionnaire from a sample of 346 and 280 were properly filled and returned. Besides, Semi-structured interview were used to guide for the qualitative data collection tools. The data collected from the questionnaire were analyzed using SPSS version 20 statistical tools such as mean, standard deviation, and correlation and followed by interpretation. The result of the study indicates that most of the commercial banks give the same kind of service; the commitment of top management is very circuital for implementation of benchmarking. In addition to this management doing a lot with the strategic plan and controlling activities with respect to the company's performance improvement and customer satisfaction. Moreover, the directives of NBE and the country infrastructure are the main obstacles for the implementation of benchmarking. However, some problems were also there; in human capital, continuous improvement, systematic, effective implementation, best practice and flexibility. Therefore, Ethiopian commercial banks need to give due attention for these problems, and preparing the best practice service and evaluating results.

Key words: Benchmarking, Commercial banks, Best practice, Effectiveness.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In today's highly competitive, rapidly changing global economy organizations have been focused to consider and implement a wider variety of innovative management philosophies and techniques. Total Quality Management (TQM), Continuous Quality Improvement, Business Process Reengineering (BPR), Balanced Scorecard (BSC), Six Sigma Management and others are concepts through which organizations continually review the outputs from their operations and identify ways to make changes in their processes. These business improvement strategies are quite specific in their definition, usage, history, and understanding as shown in the books and readings. Benchmarking is one of the technique a relatively new concept and practice it appears to have subsets of terminology including benchmarks and benchmarking. Sometimes the definition is clear from the usage in that the author is referring to a complete benchmarking process, but in many cases the terms appear interchangeable. Once a term is heard or read by the listener or reader, it is very easy for new business jargon to be widely used in many different types of venues. Therefore, new research, analysis and discussion can now begin that examines the state of benchmarking understanding, implementation, potential improvements, and recommendations for corrective action that may be needed (Jeffrey, 2008).

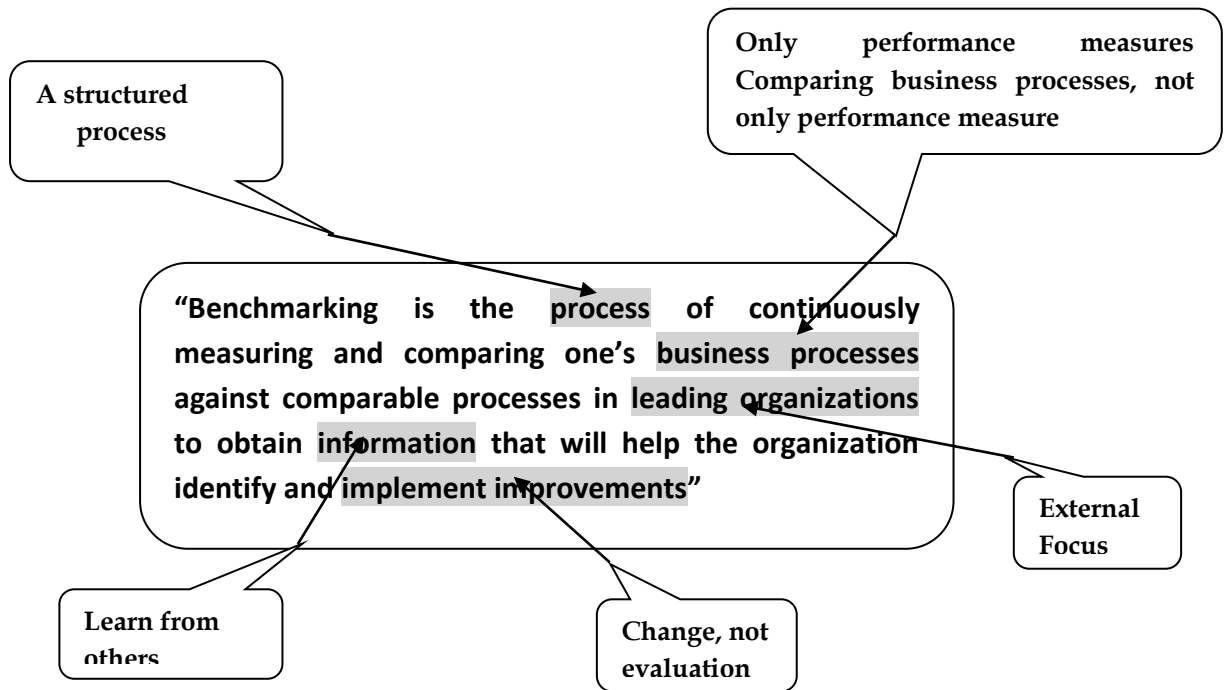
According to Brah and Madhu (2000), benchmarking is a continuous, systematic process for evaluating the products, services and work processes with those recognized as representing the best practices, for the purpose of organizational improvement. It involves a systematic effort to learn and incorporate product and process innovations that have proven successful.

(Gunasekaran, 1998) suggested that benchmarking is a technique that is all about identifying capturing and implementing best practices and this type of benchmarking is usually referred to as best practices of benchmarking. In addition, benchmarking is the process of adapting outstanding practices from within the organization or from other businesses to help improve

performance. Benchmarking is where a company compares its performance metrics to those of others.

According to Andersen and Pattersen (1996) as shown in the figure below benchmarking have different elements.

Figure 1 Operational definition of benchmarking



Source: Andersen and Pattersen (1996)

The current rapid growth trend in the service sector is demanding companies to use their best effort to improve their service quality. Companies that are running with this rapid growth will be faced with failure or success in their business since the future is uncertain. The banking sector is one of the financial sectors showing a rapid product and technological growth. The banking sector in Ethiopia is growing especially recent years. They implement the latest banking technology and providing services which make them preferable from one another. Both the individual and business customers are shifting to the bank which is providing a higher service quality and satisfy their satisfaction level by acting rationally. The customers are also tending to value extra attention and effort to meet their special requests.

Therefore, the researcher tries to investigate the practices and challenges of benchmarking in selected ECBs to view under the perspective of current practices of benchmarking and problems associated with benchmarking that affect the performance of banks directly or indirectly. Moreover, it helps to increase and build the level of understanding on the practice of benchmarking for the area in which this research has been conducted.

1.2 Statement of the problem

Benchmarking is the process of identifying best practices in relation to both products and the process by which those products are created and delivered. The search for best practices can take place both inside a particular organization and in other organizations. According to Hurreeram (2007) benchmarking is a systematic and continuous process of searching, learning, adapting and implementing the best practices from within own organization or from other organizations towards attaining superior performance. Benchmarking encourages a company to become open to new methods, ideas, processes, and practices to improve effectiveness, efficiency and performance. (Deros et al., 2006).

The importance of benchmarking as an enabler of business excellence has necessitated a study into the current state of benchmarking in the Ethiopian banking industry. Currently there are 19 banking institutions out of which three are public. We can say that almost all of the commercial banks are providing the same banking products under the supervision of the NBE.

Almost all banks are providing the same kind of services to their customers. According to Sarkis (2001) as cited by (Anand and Rambabu, 2008) benchmarking is presenting the best practices for the purpose of organizational improvement but in our country the banks seem like to copy and paste everything done by other banks. This is because the decision made by top levels managers of the banks and managements do not create new thing or do not take the best practice in the world. Therefore banks needs to measure its service and assure that weather the customers are satisfied or not with the current service of the banks.

Hence, measuring the actual performance in the ground systematically is very important since organizations need to know their performance from the customer point of view. This research has been conducted with the aim to increase knowledge and understanding of benchmarking in the area of Ethiopia banking industry. In addition to this the researcher has ambition to examine greater numbers of benchmarking components to the banking industry.

1.3 Research Questions

Based on the stated problem the research tries to answer the following questions:

1. What are the current practices of benchmarking Ethiopian commercial banks?
2. What are the challenges faced by Ethiopian commercial banks regarding to benchmarking?
3. How well is benchmarking implemented in Ethiopian commercial banks?
4. What kinds of benchmarking do and apply in Ethiopian commercial banks and its contribution for competition?

1.4 Research Objectives

Having the aforementioned statement of problem in mind, the study addressed the following general and specific objectives.

1.4.1 General Objective

The general objective of the study tries to investigate the current practices and challenges of benchmarking in selected Ethiopian commercial banks.

1.4.2 Specific objectives

- ✓ To examine the extent of benchmarking practices in Ethiopian commercial banks.
- ✓ To identify the challenges of benchmarking in Ethiopian commercial banks.

- ✓ To assess factors affecting to implement benchmarking in Ethiopian commercial banks.
- ✓ To investigate the effect of benchmarking on the performance of the Ethiopian commercial banks.

1.5 Definition of Terms

Benchmark - A measured 'best in class' achievement. The performance level, which is recognized as the standard of excellence for a specific business process (McNair and Kathleen 1992).

Benchmarking - Benchmarking is a continuous, systematic process for evaluating the products, services and work processes with those recognized as representing the best practice, for the purpose of organizational improvement (Brah, Ong and Rao, 2000).

Best Practice - Superior performance within a function independent of industry, leadership, management, or operational methods or approaches that lead to exceptional performance; best practice is a relative term and usually indicates innovative or interesting business practices which have been identified as contributing to improved performance at leading companies (McNair and Kathleen 1992). Those processes, practices, or methods that facilitate the implementation of a best practice and help to meet a critical success factor; enablers help to explain the reasons behind the performance indicated by a benchmark.

Effectiveness of Benchmarking - Series of interrelated performance measures, which covers processes, strategic and financial performance (Anthony, 2003).

Top Management Commitment - Top management commitment was one of the most important factors for any management practice implementation and many researchers were undoubtedly recognized this factor (Thiagarajan and Zairi, 1998).

1.6 Significance of the study

The researcher believes that this study does have a significant role to play in shading light on how to use the benchmarking in major businesses of the country in general and particularly in banks. Furthermore, this study also investigates the banks' level of performance as compared with one to the other and allows pointing out the service which provides that needs to be corrective action. Decision makers of those banks (management) can use the study as a point of reference in a way to increase their performance and to understand the current status of their banks with regard to benchmarking techniques. Finally, it can also serve as reference document for further studies on benchmarking in the banking sector or in different organization.

1.7 Delimitation/Scope of the study

Benchmarking is always closely related to both organizational performance and service improvements. The study tries to investigate the current practices and challenges of benchmarking in selected Ethiopian commercial banks. The researcher checks whether banks are effectively applying benchmarking technique or not. Measuring all banks is very appropriate to know their performance but the study is focus on those banks which were established after 2000 G.C.

1.8 Limitation of the study

In Ethiopia there are 19 banks, out of which three are government banks. The data from all these banks could not be collected because of the time and budget constraints. Other limitation is lack of access to the right data and there is lack of pervious researches as well as journal articles regarding the study in our country.

1.9 Organization of the Research Report

The study comprises five chapters. The first chapter attempts to present a general introduction of what benchmarking means, views the problems in Ethiopian banking industry and also objective, scope, significance as well as limitation of the study were presented. The second chapter reveals a brief theoretical framework; views of different scholars which are one way or the other pertinent to the study as well as ends with presentation of the knowledge gap in Ethiopian banking industry were presented in this section. The third chapter contains the research methodology applied for gathering data in order to answer the research question for this study. And includes: the research design, sample design, source of data, instruments of data collection, procedures of data collection, reliability test, methods of data analysis and finally ethical considerations. The fourth chapter deals with data presentation, interpretation and analysis of the study. The last chapter comprises three sections, which include summary of findings, conclusions, and recommendations. A summary of findings were outlined and thereby giving answers to the research questions.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This part of the study attempts to present a brief theoretical framework, empirical evidence views of different scholars which are one way or the other pertinent to the study as well as conceptual framework and ends with presentation of the knowledge gap in Ethiopia banking industry are presented in this section.

2.1 Theoretical Framework

2.1.1 Benchmarking

Benchmarking is seen as an important management tool of total quality management (TQM; Kumar and Chandra, or amongst organizations (Tolosi and Lajtha, 2000). Benchmarking was first developed by the Xerox Corporation in 1979, when severe quality and cost problems became visible when faced with competition from the extremely low priced of Canon copier machines (Jackson, 2001).

Over the years, there has been a tremendous development of benchmarking techniques, in terms of benchmarking practices and method, which are widely used in developing countries to achieve competitive advantages (Lee et al., 2006). Benchmarking is widely recognized in the private sector for the search for and incorporation of best practice into organizations to achieve competitive advantages (Rohlfer, 2004).

Holloway et al. (1999, p. 53) defined benchmarking as: the pursuit by organizations of enhanced performance by learning from the successful practices of others. Benchmarking is a continuous activity; key internal processes are adjusted, performance is monitored, new comparisons are made with the current best performers and further changes are explored. Where information about these key processes is obtained through a co-operative partnership with specific organizations (rather than via a third party such as an independently maintained database), there is an expectation of mutual benefit over a period of time.

Sheffield Hallam University (2003, p. 5) stated that: benchmarking is a vehicle that business process owners can use to determine how well their process is performing relative to other internal units, direct competitors and other organizations performing similar functional activity.

Further to this, Camp (1989, p. 62) defined benchmarking as: a proactive process to change operations in a structured fashion to achieve superior performance. The benefits of using benchmarking are that functions are forced to investigate external industry best practices and incorporate those practices into their operations. This leads to profitable, high asset utilization businesses that meet customers' needs and have a competitive advantage.

Camp's definition provides a useful insight into how benchmarking operate in organizations. Benchmarking definitions include some element of continuous improvement, measurement against a referent other, and rig our (Horvath & Herter, 1992). The term best practice seems to appear regularly with the literature concerning benchmarking, which can lead to organizational performance, learning and innovation. Best practices of benchmarking take its place from the classical management theory, which is based on the fact that "one identifies the best, i.e. reliable practice and tries to formulate rules so that others can also put the best practice into effect" (Kieser, 1995, p. 57).

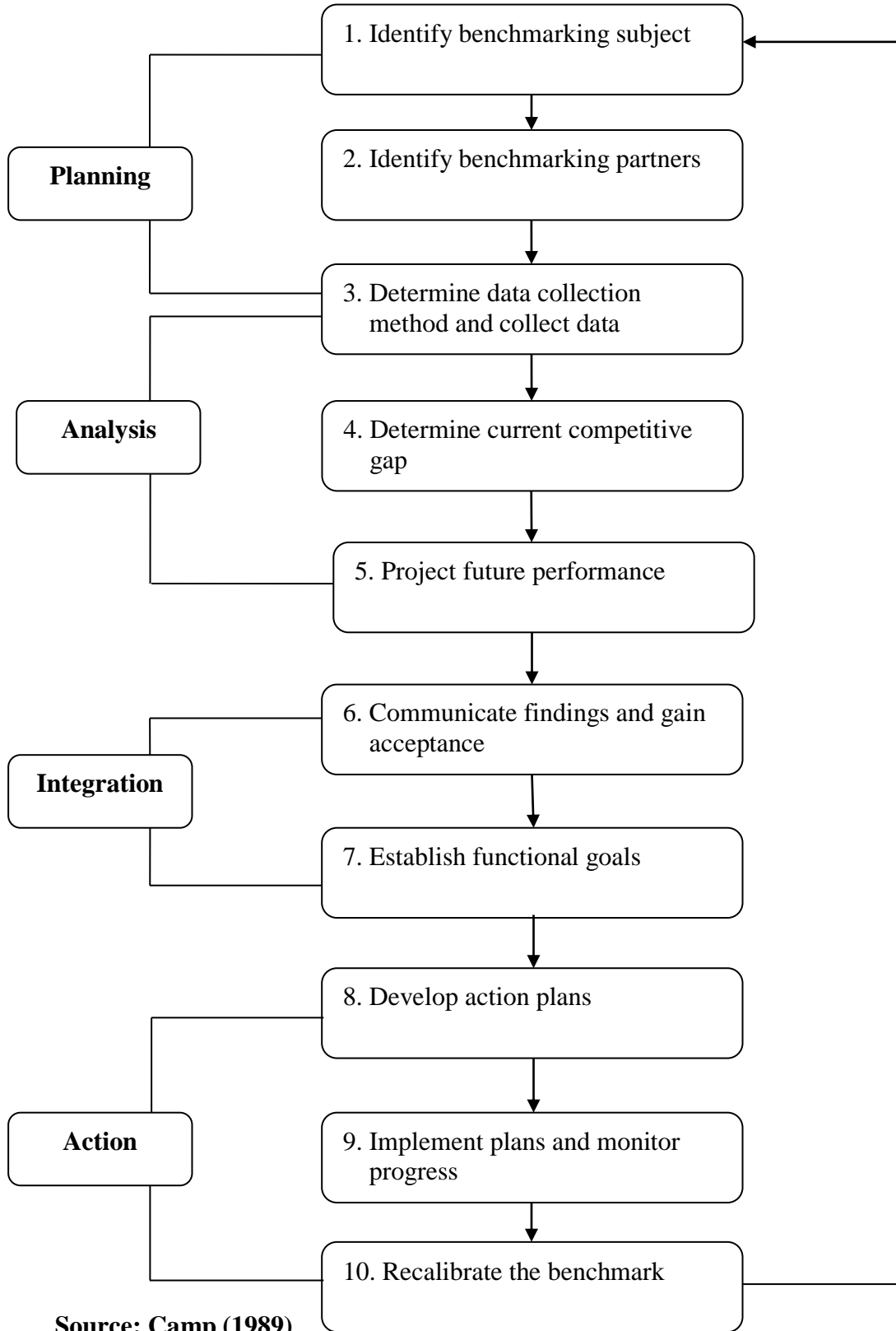
2.1.2 Process of benchmarking

The popularity of benchmarking has grown during the last five years. It is used in a variety of industries, including services and manufacturing. The benchmarking process is more than just gathering data on how well a company performs against others – it is a method to identify new ideas and new ways to improve processes and, as a result, to better meet customers' expectations. The benchmarking process has many defining features. It must be purposeful, externally focused, measurement based, information intensive, objective, and action generating. It should not be done merely for the sake of the organization's image. All practices performed should have sincere intentions. Benchmarking is often used to meet or exceed these expectations. A practical benchmarking method consists of two parties: benchmarker and benchmarkee. The former is the organization carrying out a benchmarking

procedure whereas the latter refers to the organization being benchmarked. The benchmarking approach is simply built on performance comparison, gap identification, and the change management process (Watson, 1993).

According to Camp (1989) Xerox's benchmarking model, shown in Figure 2.1 has been chosen for benchmarking and in the process the same will also get benchmarked.

Figure 2.1 Xerox benchmarking model



Phase 1 Planning

Step 1 Identify the benchmarking subject. In this case, the subject itself is benchmarking. To be precise, the aim of this benchmarking is to improve upon the most commonly used benchmarking model – Xerox model.

Step 2 Identify the benchmarking partners. All models, which have been reviewed, are considered to be the benchmarking partners. According to the theory of benchmarking, it is dangerous to consider many partners because it may complicate and reduces the effectiveness of benchmarking. This is true, when we try to perform real-time benchmarking in an organization. In this case, this theory can be relaxed as it is quite logical that more the benchmarking models we analyze, more the best practices we can obtain.

Step 3 Determine data collection method and collect data. For our case, the data collection method is literature review, where the published models from the print and online journals sources were analyzed. The method of data collection can be considered as external data collection method, because the research papers and internet information are owned by online publishers (e.g. Emerald, Taylor and Francis), online database providers, web site owners, companies, academicians, consultants, individuals, etc.

Phase 2 Analysis

Step 4 Determine current competitive gaps. The gap was found by performing a comparative analysis of various benchmarking models. A matrix is formed by listing the various benchmarking models proposed by different authors column-wise while the steps of Xerox model (which has to be benchmarked with other models) listed row-wise.

The steps of each model are critically analyzed. If it resembles a similar step in Xerox model, then a number (representing the sequence in the existing model) is marked against the. Instead of value and cost, the percentage of occurrence of each step has been considered as the decision parameter. If the percentage of occurrence of a step is greater than that of a particular step then it is considered as a “common step” for benchmarking. Out of the 71 steps, around 13 steps were considered as “common steps”.

The remaining steps (excluding “common” steps) were subjected to further analysis because all practices cannot be incorporated, as it may dilute the benchmarking process. Hence, the following criterion was adopted to filter out the best practices: if the percentage of occurrence of a step is equal to or greater than the supported the use of such steps then they are considered as “best practices” in benchmarking. Camp suggested that if the percentage of occurrence of a step is less than the percentage then they are called as “unique practices”, which are subjected again to further examination.

Step 5 Project future performance Since we are trying to incorporate the best practices, the number of steps for the proposed model have increased, which in turn have increased the number of phases. Some researchers may argue that the proposed benchmarking process might be complex with increased steps and phases.

Phase 3 Integration

Step 6 Communicate findings and gain acceptance. As part of this step, the proposed model has been submitted for publication to communicate among the readers of this journal and to gain acceptance of the reviewers and experts.

Steps 7 and 8 are meant to be applied in an industrial setting and hence it may not be applicable in this case.

Step 9 was not carried out at present, but implementation of the proposed framework and its effectiveness can be accessed through a case study approach and it will be taken up in the near future.

Phase 4 Action

Step 10 Recalibrate the benchmark. Further studies can be carried out to improve the proposed model and new practices, which may evolve in the future, can also be incorporated.

2.1.3 Types of benchmarking

As mentioned earlier there are three primary types of benchmarking, which are in use today. These are process benchmarking, performance benchmarking, and strategic benchmarking (Bogan and English, 1994). According to Bogan and English (1994), process benchmarking focuses on the day-to-day operations of the organization. Some examples of work processes that could utilize process benchmarking are the customer complaint process, the billing process, the order fulfillment process, and the recruitment process. All of these processes are in the lower levels of the organization. By making improvements at these levels, performance improvements can be realized quickly. These types of benchmarking result in quick improvements to the organization.

Performance benchmarking focuses on assessing competitive positions through comparing the products and services of other competitors. When dealing with performance benchmarking, organizations want to look at where their products or services are in relation to that of their competitors', based on factors such as reliability, quality, speed, and other product or service characteristics. Strategic benchmarking deals with top management. It deals with long-term results. Strategic benchmarking focuses on how companies compete. This form of benchmarking looks at what strategies the organizations are using to become successful. This is the type of benchmarking technique that most Japanese firms use (Bogan and English, 1994). This is because the Japanese focus on long-term results.

Other types of benchmarking are competitive benchmarking, cooperative benchmarking, and collaborative and internal benchmarking (Boxwell, 1994). Competitive benchmarking is the most difficult type of benchmarking to practice. For obvious reasons, organizations are not interested in helping a competitor by sharing information. This form of benchmarking is measuring the performance, products, and services of an organization against its direct or indirect competitors in its own industry. Competitive benchmarking starts as basic reverse engineering and then expands into benchmarking. Reverse engineering is a competitive tool used in benchmarking. It looks at all aspects of the competitor's strategy. This does not just include the disassembly and examination of the product but it analyses the entire customers' path of the organization's competitor. This is a difficult thing to do because this information

is not easily obtained. Therefore, it requires extensive research. It is also important to remember that when one is using competitive benchmarking, the goal is to focus on one's direct competitors and not the industry as a whole. According to Boxwell (1994), "Co-operative and collaborative benchmarking are the most widely used types of benchmarking because they are relatively easy to practice." These forms of benchmarking are a more accommodating way of getting information. In cooperative benchmarking, organizations invite the best in class organizations to meet with their benchmarking team to share knowledge. This is done without much controversy because these organizations are not direct competitors. During this process, information flows one way.

Collaborative benchmarking does the opposite, since here information flows in many ways. With collaborative benchmarking, information is shared among groups of firms. It is a brainstorming session among organizations. It is important to realize that not all collaborative efforts are considered benchmarking. It is sometimes called "data sharing." Data sharing results do not focus on the process but only the result, while benchmarking focuses on the processes of the organizations (Boxwell, 1994). Internal benchmarking is used to identify the best in house practices in the organization and to disseminate these practices throughout the organization. Internal benchmarking allows managers in the organization to be more knowledgeable about the organization as a whole. Table II shows a summary of the types of benchmarking and their purposes.

2.1.4 Benefits of benchmarking

The benefits of benchmarking are a better understanding of strengths and weaknesses of processes, improved cycle time, improved supplier's management, reduced production costs, etc. The number of manufacturers using benchmarking techniques has been increasing dramatically. Based on the case studies and reports in the U.S.A in the late 1990s, all Fortune 500 companies were using benchmarking on a regular time basis (Kumar & Chandra, 2001). However, due to the lack of a complete understanding of benchmarking, not all organizations find it easy to employ the tools effectively.

Advantages or the benefits of benchmarking are also becoming a powerful management tool because they overcome paradigm blindness. Paradigm blindness can be summarized as the inability to changing the way of thinking and doing things by regarding certain ways as the best ways because these are the ways that things have always been done. Besides, that benchmarking also opens organizations to new methods, ideas, and tools to improve their effectiveness for help to solve the problems within organizations. According to Camp (1989), benchmarking can enable the best practices from any industry to be creatively incorporated into the processes of the benchmarking function. Second, benchmarking breaks down the reluctance in making operational changes. In addition, benchmarking is a valuable tool for setting goals; it is something that is necessary in order to remain competitive and for learning new ideas.

A study by Voss et al. (1997) found a strong direct link between benchmarking and improved operational and business performance. They suggested that benchmarking promotes higher performance by identifying practices and setting challenging performance goals. It also helps organizations understand their strengths and weaknesses relative to competitors. A similar argument was made by Ulusoy and Ikiz (2001) who found that organizations that implemented more best practices were better business and operational performers. In a study of the application of benchmarking in the logistics process, it was possible to identify the logistics performances that were deficient and areas of best practice that were underused in the tested organizations (van Landeghem & Persoons, 2001).

2.1.5 Effectiveness of benchmarking

Benchmarking is emerging in leading-edge companies as an information tool to support continuous improvement and to gain competitive advantage. Meanwhile, the effectiveness of benchmarking itself is a series of interrelated performance measures, which covers processes, strategies, and financial performance (Anthony, 2003). In order to benchmark effectively, a company needs a strong strategic focus and some flexibility in achieving management's goals. To implement benchmarking effectively, adequate planning, training, and open interdepartmental communication are needed. Developing and using measures help to identify the current performance and monitor the direction of changes over a period.

Measures identified during the planning stage of benchmarking may also help to determine the magnitude of the performance gaps and select what is to be benchmarked (Karloff & Ostblom, 1993).

2.1.6 Best practices of benchmarking

As highlighted in the earlier section, there are best practices, which would affect the effectiveness of benchmarking. Benchmarking helps organizations understand where they have strengths and weaknesses depending upon changes in supply, demand and market conditions. This allows organizations to realize what level(s) of performance is possible by looking at others and how much improvement can be achieved. Additionally, this promotes changes and delivers improvements in quality, productivity, and efficiency, which in turn bring innovation and competitive advantage, and is a cost-effective and time-efficient way of establishing a pool of innovative ideas from which the most applicable practical examples can be utilized. Despite these benefits, time constraints, competitive barriers, cost, lack of both management commitment and professional human resources, resistance to change, poor planning, and short-term expectations are regarded as the main problems affecting successful benchmarking research (Bendell et al., 1993). A poorly executed benchmarking exercise will result in a waste of financial and human resources as well as in a waste of time. Ineffectively executed benchmarking projects may tarnish an organization's image (Elmuti & Kathawala, 1997). Moreover, there is no single "best practice" because it varies from one person to another and every organization differs in terms of mission, culture, environment, and technological tools available.

Complexity refers to the number of levels and types of interactions present in the system that are related to numerousness and variety of sub-systems within the system. Meanwhile, best practices those are more complex and radical are harder to implement, because the knowledge associated with them is dispersed across many individuals, routines, and techniques. The perceived complexity of the innovation is found to be a significant negative factor in innovation implementation and knowledge transfer in most studies (Simonin, 1999), but not in all. Besides, that, complexity also can be defined as the degree of difficulty in understanding an innovation (Beatty et al., 2001). Based on research conducted by

introducing new technology, it can be intimidating to organizational employees, particularly if there are needs to change their existing business practices or to acquire new skills. In addition, the implementation means that the organization must integrate with telecommunications and networks applications. Many managers view the web as something that will add complexity, rather than viewing the web as a solution to their interconnectivity problems. The complexity of an organization is also related to the size of the firm (Ahmad & Schroeder, 2001).

On other hand the criteria for top management commitment are visionary leadership and championship, new culture thinking and goals, and long-term strategic plan and direction. Under visionary leadership and championship, the performance item measures top management's dedication to continuous improvement and growth and having a clear vision of the direction of the company in future. These two aspects are important for a company to become excellent manufacturers where everyone, especially the chief executive, must be committed to success (Walley, 1992).

The allocation of budget for retraining, the ability to motivate employees in achieving organizational goals, and employees' participation in decision making are not highly ranked, scoring slightly above four, indicating that it is not extensively practiced. Successful manufacturers have consistently harnessed the skills and experience of their whole workforce for "continuous improvement" while at the same time giving them the clear guidance on which sort of improvement should be given priority. Those facilities that have fully achieved excellence or made significant progress are much more likely to report a majority of their workforces in self-directed or empowered teams (Taninecz, 1997).

2.2 Empirical Evidences

(Matthew et al., 2000), covered the current state of benchmarking and some of its advantages across a wide variety of public and private sector organizations. Also investigates the disincentives to benchmarking activity experienced by practicing benchmarkers, as well as the factors which inhibit the initial take-up of this technique. In addition, the notion that a maturity curve exists for organizations engaged in benchmarking is explored.

Andersen and Pattersen, (1996) deals with several different aspects of the concept of benchmarking in order to give the audience a basic understanding of what benchmarking is, how it is done, and what it can give in terms of improvement results. The main issues covered are ethical and legal aspects linked to benchmarking and the benchmarking wheel, a benchmarking process model explaining the phases and steps of the benchmarking study. A relatively large portion of the paper will be devoted to explaining how to carry out a benchmarking study and various pitfalls that might be encountered.

(Shaukat et al., 2000) conducted to discuss the state of benchmarking in the manufacturing and service sectors of Singapore. The aim is to understand the state of benchmarking in Singapore as well as the expectations and motivation of non-benchmarking companies. The approach to the adoption of benchmarking is to view it as a major organizational change. The study seeks to understand the many dimensions of the transformation process. In addition, the researchers examine the role of factors such as motivation, objectives, driving force, top management's commitment, preconditions, process, company culture, employee participation, presence of pitfalls, and the potential benefits in determining the success of a benchmarking project. They identify driving forces, preconditions and effectiveness of implementation as the major facilitators of benchmarking. Also, the study establishes the importance of these facilitators towards the achievement of benefits and success of benchmarking. Moreover, the study emphasizes the importance of preconditions and effectiveness of implementation for the success and benefits of benchmarking.

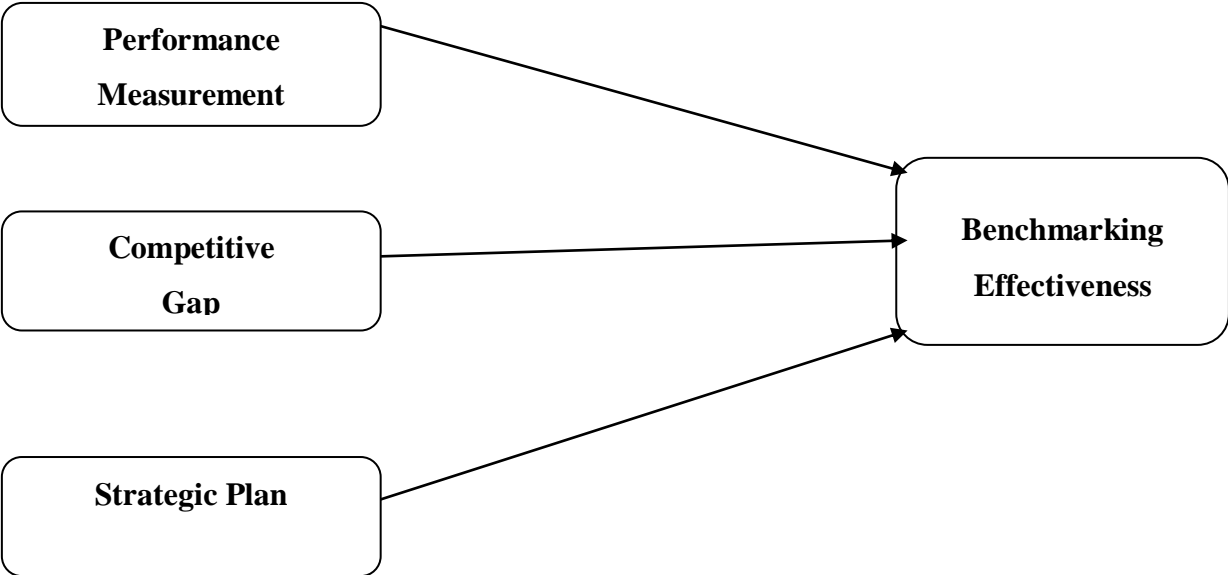
(Dotun et al., 2010) suggested that benchmarking (informal and formal) is used by a majority of organizations although best practice benchmarking is only used by a core minority. Benchmarking effectiveness compares favorably with effectiveness of other improvement tools and a majority of respondents intend to continue using benchmarking in the future. Benchmarking will continue to be used to support the improvement of operations. For organizations that currently use benchmarking the paper provides some insights into how to obtain the full benefits from benchmarking. For those that do not use benchmarking the paper highlights how other organizations are using benchmarking to obtain operational benefits. The study also presents a multinational survey of benchmarking. Carried out a

quarter century after the start of benchmarking's growth, it helps to establish if benchmarking is an established improvement tool or a management fad. It also positions benchmarking relative to other improvement tools and is the most complete study on benchmarking adoption to date.

2.3 Conceptual framework

The dependent variable in this research is benchmarking effectiveness among organization. In this study, the focus is on practices and challenges of benchmarking. The influential factors are based on different industries which are used to identify their influence on benchmarking effectiveness among the organization. Thus, the study conceptualizes the framework shown in figure 2.2

Figure 2.2 Conceptualizes benchmarking effectiveness framework



Source: Own computation based on the literature

Based on the framework proposed above,

The benchmarking effectiveness is influenced by performance measurement.

The benchmarking effectiveness is influenced by competitive gap.

The benchmarking effectiveness is influenced by strategic plan.

2.4 Conclusions and Knowledge Gap

Banking industry is high-risk business but not necessarily high profit industry. It is quite difficult to manage risk and return in banking industry. The management system in some of the private banks of Ethiopian is dependent traditional management system of government. The pyramid shape organizational structure of some banks caused adverse effect in their business development. In any institution there must be a strong internal management system is mandatory to stay competitive in the business market. The traditional management theory could not completely fit the operational environment in banking business in Ethiopia. However, most of the banks design strategy with the aim of another banks trend.

In this context, this paper attempts to find some hints from the well-developed theory to get some new ideas. The literature emphasizes the role of benchmarking as an organizational mechanism that supports strategic change. However, empirically not addressed the way in which management uses the benchmarking to engage in strategic change directly. The reason for this lack of studies in Ethiopian regarding on benchmarking.

All in all, there is a knowledge gap in Ethiopian context due to the absence of studies, on the practices of benchmarking. In order to fill the identified knowledge gap concerning the practices of benchmarking in general and in particular concerning study of major management component not studied. The researcher tries to undertake to increase the level of understanding about the practices of benchmarking here in Ethiopian by focusing commercial banks which is operated specifically in A.A

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

The preceding chapter has indicated the literature on major components of benchmarking under the perspective of theoretical starting point, empirical evidence and knowledge gaps. Specifically from developing countries' perspective, Ethiopia in particular, it has been shown that there is no comprehensive study on the practice of benchmarking with regard to the banking sector.

The purpose of this chapter is to present the underlying principles of research methodology and the choice of the appropriate research method for the thesis. The chapter is arranged as follows. (Section 3.1) presents research design then the following seven sections is organized as (section 3.2) sample design, (section 3.3) source of data, (section 3.4) instruments of data collection, (section 3.5) procedures of data collection, (section 3.6) reliability test, (section 3.7) methods of data analysis and finally (section 3.8) ethical considerations.

3.1 Research Design

The purpose of the study tries to investigate the practices and the challenges of benchmarking in Ethiopian commercial banks and therefore the research is a descriptive type. In order to achieve the main objective of this research, a mixed methods approach (both quantitative and qualitative) was used. The purpose of using such a mixed methods approach is to gather data that could not be obtained by adopting a single method, so that the findings with a single approach could be substantiated with others wherever possible (Yesgat 2009, p.12). To address the practices and challenges of benchmarking in ECBs, survey with semi-structured interview and questionnaires was employed.

This method is selected on the assumption that it helps to gather sufficient data on the issue under study. According to Best and Kahn (1999), survey method is more effective to investigate the phenomena in assessing the performance in the natural setting. In addition, it is used to obtain pertinent and precise information regarding the study subject. A survey design provides a quantitative or numeric description of trends, attitudes, or opinions of a

population by studying a sample of that population. Thus the survey research method was applied to express the current phenomenon of a situation and give prediction depending on the findings of the research. In addition, surveys gather data at a particular point in time with the intention of describing the nature of existing conditions, or identifying standards against which existing conditions can be compared, or determining the relationships that exist between specific events (Louis et al. 2005, p.169). The survey is, thus, cross-sectional, with the data collected at one point in time due to the time allotted for the research. However, the inclusion of semi-structured interview is to gather information about the views of department managers from selected banks.

3.2 Sample Design

Currently, Ethiopian Commercial banks hold large number of employees in the banking area of Ethiopia. Even though there are large numbers of branch offices at regional and district levels, the researcher focuses on the area of commercial banks which are currently operating in Addis Ababa. The researcher purposively selects four banks so as to obtain the required sample size i.e. those banks which were established after 2000. The reason for the use such a technique is those banks which were established after 2000 most of the times benchmark the pervious banks' practices. In addition to this the four banks were selected on the assumption that they could represent the 19 commercial banks. Accordingly the current ownership structure and year of establishment of Ethiopian commercial banks is as indicated below.

Table 3.1: Currently Operating Banks by Ownership and years of establishment

No	Name of the banks	Ownership	License date
1	Commercial Bank of Ethiopia	Government	1963
2	Construction and Business Bank	Government	1975
3	Development bank of Ethiopia	Government	1970
4	Awash International Bank	Private	1994
5	Dashen Bank S.C.	Private	1995
6	Bank of Abyssinia S.C.	Private	1996
7	Wegagen Bank S.C.	Private	1997

8	United Bank S.C.	Private	1998
9	Nib Bank S.C.	Private	1999
10	Cooperative Bank of Oromia S.C.	Private	2004
11	Lion International Bank S.C.	Private	2006
12	Zemen Bank S.C.	Private	2008
13	Oromia International Bank S.C.	Private	2008
14	Berhan International Bank S.C.	Private	2009
15	Buna International Bank S.C.	Private	2009
16	Abay Bank S.C.	Private	2010
17	Addis International Bank S.C.	Private	2011
18	Debub Global Bank S.C.	Private	2012
19	Enat Bank S.C.	Private	2012

Source: National Bank of Ethiopia, 2014 <http://www.nbe.gov.et/financial/banks.html>

After the samples of banks have been determined, the researcher used the following sample size determination formula to determine the sample size of the population in four banks. The formula was developed by Taro Yamane (1967). It is calculated as follows:

$$n = \frac{N}{1 + N (e)^2}$$

Where **n**= is the sample size,

N = is the population size, and

e = is the level of precision or sampling error = (0.05)

$$\begin{aligned} n &= \frac{2540}{1 + 2540 (0.05)^2} \\ &= 346 \end{aligned}$$

Hence, the total sample size is 346. Since the number of people in each bank is not the same, the number of samples for each bank was calculated by the following formula:

$$n_1 = \frac{nN_1}{N}$$

Where **n**= total number of samples

N= total number of population

N₁= total number of population in each bank

n₁= number of samples in each bank

The study was conducted on 4 private bank's head offices (Abay, Berhan, Oromia and Zemen banks) and the total population of employees for the study is 2540.

Table 3.2: Number of employees and proportion of samples taken from each bank

Banks	Total number of Population	Total number of Sample
Abay bank S.C.	478	58
Behan International Bank S.C.	409	84
Oromia International bank S.C.	1336	162
Zemen bank S.C.	317	38
Total	2540	346

Source: Developed by the researcher and banks 2013 annual reports

After each bank sample size was determined, the researcher used systematic random sampling method to select the target employees since their job is directly related to management practices (i.e. department managers, division heads and senior department officers) mainly focuses on Corporate Planning Department, Marketing and Business Development Department, Risk Management department, Credit department, International Banking department, Human Resources department, Finance department. The researcher did not go beyond this sample size because of the assumption that increasing the number of sample size more than the specified doesn't provide additional information. Rather it could be duplication of information.

3.3 Sources of Data

To obtain data concerning the practices and challenges of benchmarking, the researcher employed both primary and secondary data sources for the study. The primary data was collected through questionnaires by setting self-administered questions in person and semi-structured interview. Questionnaires were administered to department managers, division heads and senior department officers of each bank. Semi-structured interviews were also conducted to some of department managers in order to grasp important information that may not be fully secured through questionnaire. Secondary data was gathered from banks annual report, brushers, articles, published and unpublished journals, and various books written on issues related to the topic.

3.4 Instruments of Data Collection

With regards to instrument for data collection, the researcher employed questionnaires, unstructured record review to collect manuals, annual reports, directives, policies and semi structured interview to collect relevant data from managers of the banks.

Questionnaire was used as the main instrument to collect data from four banks which were established after 2000. The questionnaire has two parts. These are: - Respondents profile and Questions related to benchmarking. The first part of the questionnaire measures the respondents through gender, work experience, educational level and current position. The second part of the questionnaire measures benchmarking effectiveness through performance measure, competitive gap and strategic plan using a five-point Likert response scale which includes strongly disagree (1), disagree (2), neither agree nor disagree (3), agree (4) and strongly agree (5).

“The Likert scale method was preferred to make questions interesting to respondents and thereby enhance their cooperation, ultimately to ensure maximum response rate” (Robson Colin, 2002). Semi-structured interview is important to obtain information with regard to issues that required clarification such as directives, annual reports, policies and records of

various training programs and vital information that is not expected to access using questionnaires; and it was used concurrently with the design of the questionnaire.

To increase the clarity of the questions for respondents understanding and to ensure the appropriateness of the item, a pilot study was carried out on employees of the banks. Accordingly, the questionnaire was distributed to 28 respondents and checked the understanding of the respondents for each question. Therefore, the feedback to the item regarding the prevailing situations of the study was found to be very important to the validity of the questionnaires for the study. The items in the questionnaires were grouped in to two parts. The first part contains question items related to respondent's characteristics and the second part comprises of variables related to the study.

3.5 Procedures of Data Collection

After the sample was determined, first contact was made with the administrative affairs heads of the banks. Then with the necessary permission, the researcher contacted a list of employees including department managers, division heads and senior department officers. In the second round activity, the questionnaires were distributed to the respondents as well as interviews were conducted with the respondents. Lastly, collection of questionnaire filled by respondents was started after a week from the date of administration and continued for a month.

3.6 Reliability Test

Reliability is defined as be fundamentally concerned with issues of consistency of measures. (Bryman and Bell, 2003). According to Hair, et al., (2006), if α is greater than 0.7, it means that it has high reliability and if α is smaller than 0.3, then it implies that there is low reliability. To meet consistency reliability of the instrument, the questionnaire was distributed to 28 employees of Zemen Bank S.C. and Cronbach's alpha was found to be for performance measure 0.801, for competitive gap 0.713 and for strategic plan 0.800; therefore, all variables are above 0.7. Table 3.3 presents the consistency of measures based on statistics tool.

Table 3.3 Reliability test

		N	%
Cases	Valid	28	100.0
	Excluded ^a	0	.0
	Total	28	100.0

For Performance measure

Cronbach's Alpha	N of Items
.801	17

For Competitive gap

Cronbach's Alpha	N of Items
.713	9

For Strategic plan

Cronbach's Alpha	N of Items
.800	11

(Source: Own Survey, 2014)

3.7 Methods of Data Analysis

Based on the nature of the data collected through questionnaires, interview, and documents, the following procedures and statistical tools were employed. Data was checked for consistency and completeness on daily basis then data was coded, checked, and entered to computer. Finally, it was processed and analyzed by Statistical Package for Social Sciences (SPSS) version 20. To analyze the data, different kinds of statistical methods including descriptive statistics, and correlation were used. Furthermore, descriptions were made based on the results of the tables and figures using mean value, percentage, rank order and standard

deviation. The data collected through interviews and documents were analyzed qualitatively by descriptive statements. The results that were obtained from the interviews used concurrently to strengthen the analysis of the questionnaires.

According to Malhotra (2007) using descriptive survey method helps the researcher in picturing the existing situation and allows relevant information using appropriate data collecting instrument. Finally, the results of both descriptive as well as correlation were presented using appropriate figures and tables.

3.8 Ethical Consideration

Before the research was conducted on the selected bank, the researcher informed the participants of the study about the objectives of the study, and was consciously consider ethical issues in seeking consent, avoiding deception, maintaining confidentiality, respecting the privacy, and protecting the anonymity of all respondents. A researcher must consider these points because the law of ethics on research condemns conducting a research without the consensus of the respondents for the above listed reasons.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter deals with the data presentation, interpretation and analysis of the study. It has two parts. The first is background of the respondents; and the second part deals with major components on the practice and challenges of benchmarking through statistical methods of analysis including a descriptive statistics, and correlation through SPSS version 20.

To achieve the main objectives of the research a total of 346 questionnaires were prepared and distributed to officials of ECBs. Out of these questionnaires, 292 of them were collected with a response rate of 85%. However, only 280 responses were valid with complete answers. Therefore, only 280 questionnaires were used for further analysis.

4.1 Background of Respondents

The demographic characteristics include: Gender, Work experience, level of education, and occupation. This aspect of the analysis deals with the personal data of respondents. The table below shows the details of background information of the respondents.

Table 4.1 Respondents Gender

Variable	Variable Categories	Frequency	Percentage
Gender	Male	213	76.1
	Female	67	23.9
	Total	280	100

(Source: Own Survey, 2014)

As depicted in table 4.1 showed that there were more males as compared to females. Male respondents represented 213 (76.1%); on the other hand 67 (23.9%) were females. The reason might be the attraction of male to such work environment.

Table 4.2 Respondents Work experience

Variable	Variable Categories	Frequency	Percentage
Work Experience	0-5	17	6.1
	5-10	170	60.7
	10-15	64	22.9
	15-20	28	10.0
	Above 20 yrs	1	0.4
	Total		280

(Source: Own Survey, 2014)

The respondents in the study were asked to state their duration of stay in their respective current position in the banking industry. As indicated in the table 4.2, 170 (60.7%) of the respondents are in the range of 5-10 years, followed by 64 (22.9%) of them who worked with the range of 10-15 years, 28 (10.0%) of employees who participated in the study have an experience of 15-20 years. The rest 17 (6.1%) and 1 (0.4%) respondents have an experience of 0-5 years and above 20 years respectively. Thus, the respondents are mostly below fifteen years of work experience in the current position.

Table 4.3 Respondents Educational level

Variable	Variable Categories	Frequency	Percentage
Educational Level	Certificate	-	-
	Diploma	-	-
	Degree	244	87.1
	Master	36	12.9
	PhD	-	-
	Total		280

(Source: Own Survey, 2014)

Table 4.3 indicates the responding employees in the banking industry achieved bachelor's degree (eighty-seven percent) and master's degree (about thirteen percent) in a specific field of study, but no sampled respondents that obtained a certificate, diploma and PhD degree in the industry. These result of the study documented that all the respondents had educational

levels beyond diploma level, especially the median typical representative of their bachelor's degree educational status achievement which was an indication of the educational movement valued trainings for delivering services and management positions at different levels in this period of the Ethiopian Banking Industry.

Table 4.4 Respondents Current Position

Variable	Variable Categories	Frequency	Percentage
Current Position	Department Managers	29	10.4
	Division Heads	101	36.1
	Senior Dep't Officers	150	53.6
	Total	280	100

(Source: Own Survey, 2014)

Regarding the respondent's current job title in the banking industry, the findings of the study came up with varied jobs titles based on different job classifications. Table 4.4 shows that senior department officers as a current job title appeared to be slightly noticeable in the frequency distribution of 150 (53.6%). Division heads and Department managers follow by 101 (36.1%) and 29 (10.4%) respectively in the respondents list.

4.2 Practices and Challenges of benchmarking

This section deals with the following basic elements of benchmarking such as; performance measurement against the industry, competitive gap against the best in the industry, and designing of standards to be the best of the best in ECBs.

Table 4.5 Performance measurement on the benchmarking effectiveness

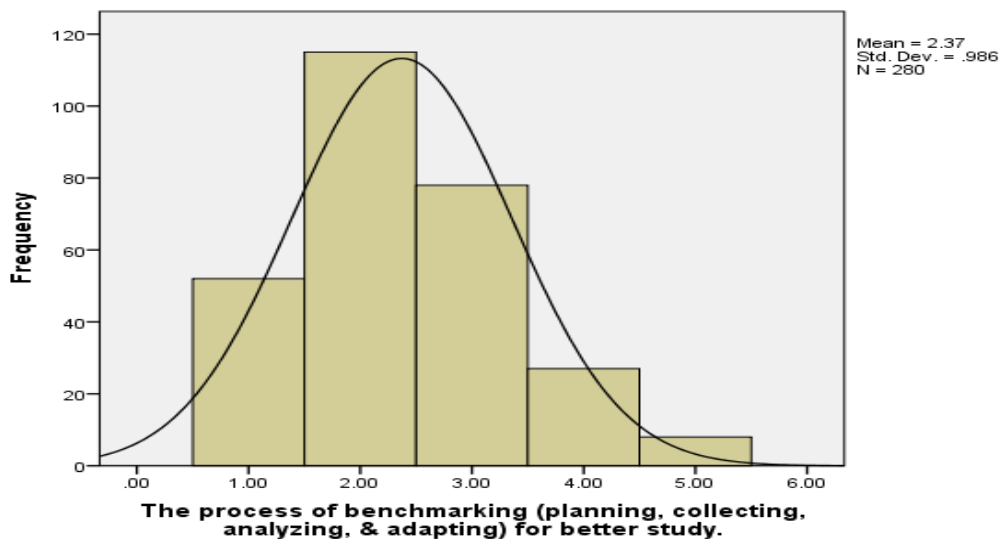
Descriptive Statistics			
For comparison of own business process against the best in the industry based on:	N	Mean	Std. Deviation
Banks reports and operations	280	3.9679	.83968
Budgets are progressively followed up	280	3.9750	.84418
Industry Average service quality Comparison	280	3.8536	.94470
Shareholder value analysis/Economic value added (EVA)	280	3.4321	.88133
Comparing actual performance with predetermined target.	280	4.3786	.81621
Profit Earnings as compared with the same in the industry	280	4.2750	.82918
Market assessment for different products and service	280	3.7429	1.10308
Give training for top management aboard	280	3.3643	.56430
Strong directions to the management and supports	280	3.8964	.69302
Set realistic targets and objectives	280	4.1821	.70256
Provide a customer base services and products	280	3.4714	1.02263
The process of benchmarking (planning, collecting, analyzing, and adapting) for better study.	280	2.3714	.98623

Continuous improvements	280	3.0179	1.02812
Customer analysis (satisfaction , feedback)	280	3.4286	1.10485
Cost leadership strategy (such as low cost service)	280	3.7821	.86283
Innovative and high caliber staff	280	4.1464	.84877
Large market share in the industry	280	3.6857	1.11417
Average Mean		3.7042	

(Source: Own Survey, 2014)

As shown in table 4.5 above, performance of the bank is evaluated by different variables. Based on that the mean average of all variables are good in terms of comparison of own business process against the best in the industry with the average mean value of 3.7042. In addition to this the table indicates that the process of benchmarking (planning, collecting, analyzing, and adapting) and continuous improvements have the least mean value that is 2.3714 and 3.0179 respectively.

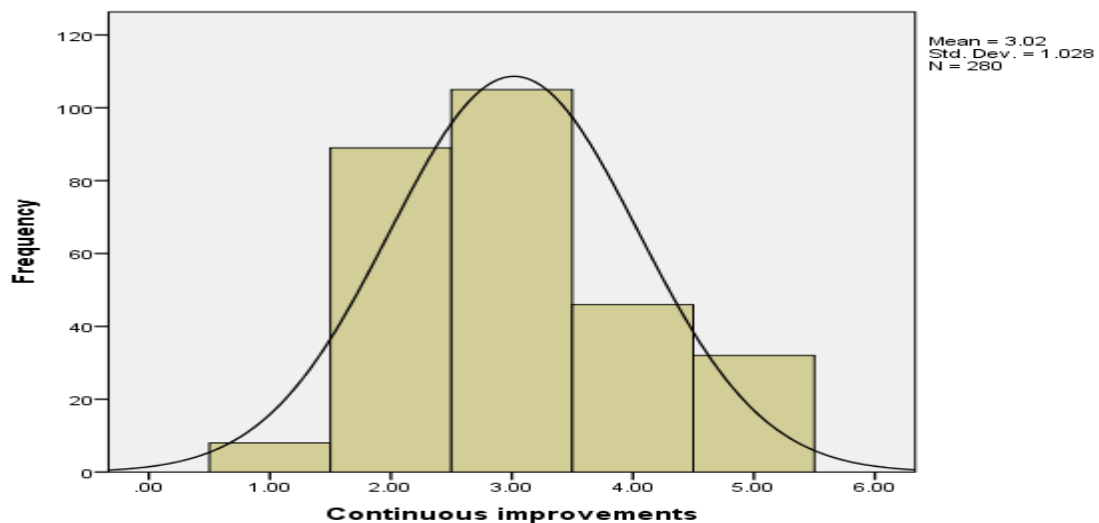
Figure 4.1 Frequency percentages for the process of benchmarking



(Source: Survey data, 2014)

The above Fig. 4.1 shows that processes of benchmarking have a mean value of 2.37. Respondents believe that there is little understanding regarding the process of benchmarking. The reason behind this is most of the time banks do not use benchmarking practice rather they assess the market and conduct a feasibility study on any or services. This indicates that, certain conditions were present to ensure that successful benchmarking experiences are critical preconditions for commitment of top management. According to Kasul and Motwani (1995) top management commitment, is one of the main requirements that could support the implementation of benchmarking by allocating budgets and resources, monitoring progress and planning for change. In addition to top management activity supportive role in the process of benchmarking is crucial.

Figure 4.2 Frequency percentages for Continuous Improvement



(Source: Survey data, 2014)

On the other hand continuous improvement has a least mean value as compared to the other variables. As witnessed by the respondents there is continuous improvement on major activities of the banks and the activity starts with end result of strategic plan. This strategic plan might be a five, two or a year plan design by top management. However, benchmarking is seen as a process of continuous quality improvement by which organizations can assess their internal strengths and weaknesses, evaluate comparative advantages of best and leading competitors, identify best practices and incorporate them into a strategic action plan geared to achieve a position of superiority.

According to Codling (1996) benchmarking is an ongoing process of and improving products, services, and practices against the best that can be identified worldwide. Similarly, Spendolini (1992) defined benchmarking as a continuous, systematic process for evaluating the products, services, and work processes of organizations that are recognized as representing best practices, for the purposes of organizational improvement.

Regarding to banks reports and operations, budgets are progressively followed up, industry average service quality comparison, comparing actual performance with predetermined target, comparing actual performance with predetermined target, profit earnings as compared with the same in the industry, market assessment for different products and service, strong directions to the management and supports, set realistic targets and objectives, cost leadership strategy (such as low cost service), innovative and high caliber staff and large market share in the industry the respondents revealed that there is good achievements by top level management. This shows that ECBs comparison of their services and products against the best in the industry is based on their own resources, activities performed with predetermined, profit earning as well as large market share with peer banks in the industry. This may have its own disadvantage on the implementation of best practice within the industry. Because ECBs in one way or the other provide all commercial bank services they don't create new things. However, there is an opportunity to make the service simple for their customers. In such situation it must take into account comparison of own business process against the best in the industry.

Table 4.6 Competitive gap on the benchmarking effectiveness

Descriptive Statistics			
The bank identifies gap between services quality as compared to the best in the industry based on:	N	Mean	Std. Deviation
Policies or directives impose by National Bank of Ethiopia	280	4.5179	.62765
Use of benchmarking practices	280	2.2786	1.06806

Implementation of best practice	280	2.6714	1.32223
Top level management commitment	280	3.6964	.81032
The country infrastructural development	280	4.1464	.88191
Formal benchmarking strategy, checklist, or definition.	280	3.4250	.94741
Feedback of results into business plan targets.	280	2.7357	.95872
Planning – resulting in poor findings.	280	4.1643	.78160
High formalization of rules, policies and procedures.	280	3.6357	.98527
Average		3.4746	

(Source: Own Survey, 2014)

As it is displayed on the above table 4.6 competitive gaps were evaluated by different variables. Based on that the mean average of all variables are neutral in terms of banks identifying gap between services quality as compared to the best in the industry with the average mean value of 3.4746. The highest number of mean indicated that officials of the bank are satisfied with policies and directives of NBE, the country infrastructure development, top level management commitment and planning – resulting in poor findings.

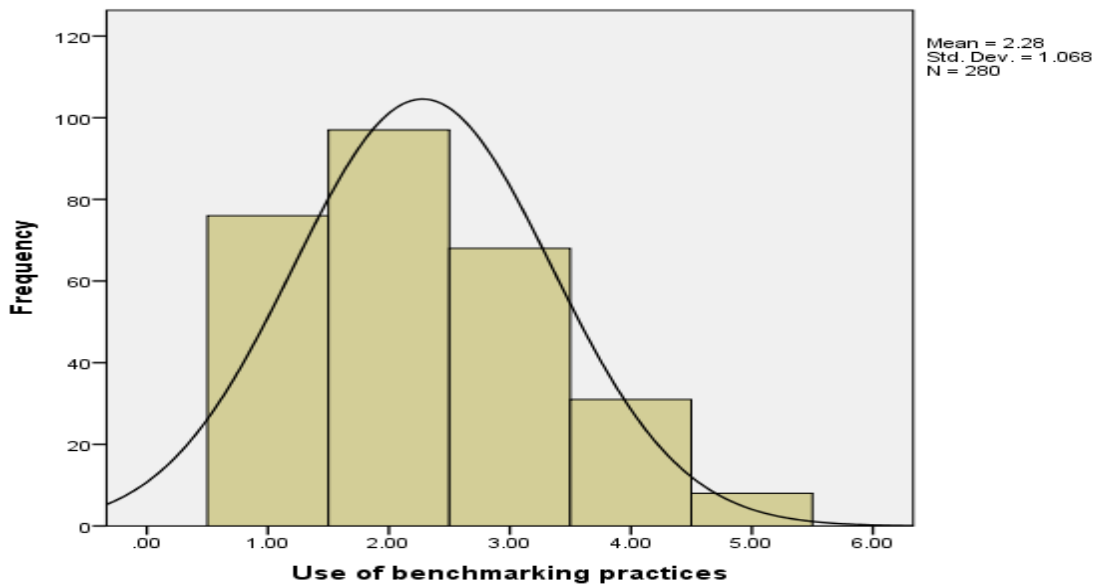
This result shows that the directives imposed by NBE are obstacles to enhance the service provision to make a difference in the industry at the procedure level but it's a must to control at the policies level because the banking business is a leverage business as well as it must protect the public resource. Regarding to inefficiency of Ethio telecom in relation to the IT infrastructure there is a challenge to apply the best practice related to technology oriented services by the banks.

The other important concept in this part planning – resulted in poor findings, it has been estimated that 70 percent of the success of a benchmarking study depends on how well it is

planned (Bemowski, 1991). Experienced benchmarkers believe that failure to complete the initial planning phase of the benchmarking process can result in benchmarking studies that are unproductive or counterproductive (Partovi, 1994). Therefore, lack of planning indicated that there were no clear aims or objectives, resulting in superficial and general studies with vague recommendations, a poor subject/partner choice, resulting in studies that were of very little benefit, over ambitious aims and objectives of the project, leading to recommendations that were too ambitious to implement and insufficient time and money to fulfill the implementation plan.

Furthermore, Table 4.3 indicates that the lowest number of mean indicate that the employees are dissatisfied with the use of benchmarking practices, implementation of best practice, feedback of results into business plan targets, adequate and more frequent duplication of the best practice, transfer of knowledge on the techniques and activities of benchmarking.

Figure 4.3 Frequency percentages for use of benchmarking practices



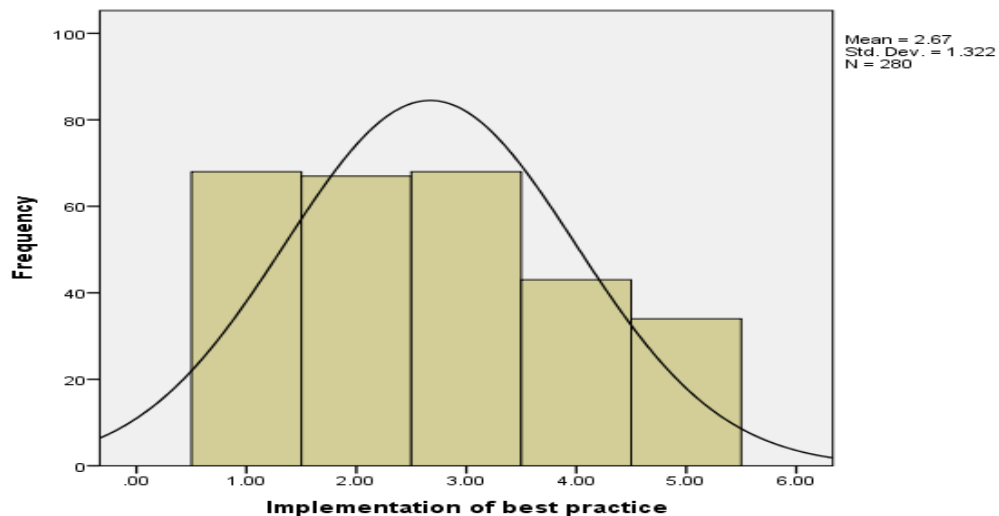
(Source: Survey data, 2014)

As shown in Fig 4.3 respondents’ feedback analysis towards the use of benchmarking practices in banking industry is very critical since the industry is highly valuable to the economy. However, in Ethiopia commercial banks benchmarking is not practiced or there

were very few informal and unstructured benchmarking practices carried out in the industry investigated.

Based on respondents' witness one bank initiated informally benchmarking initiatives organized by top level management and introduced new services to its customers. The other banks without any analysis on the benchmarking implemented the practices in the same way. As the result of this currently almost all Ethiopian commercial banks are limited to give the same kind of domestic banking services to its customers. For instance, the mode of delivery to get its customers (branch expansion), the format which helps to process for every transaction, and the counter setting of branches in all banks are the same and etc.

Figure 4.4 Frequency percentages for implementation of best practices

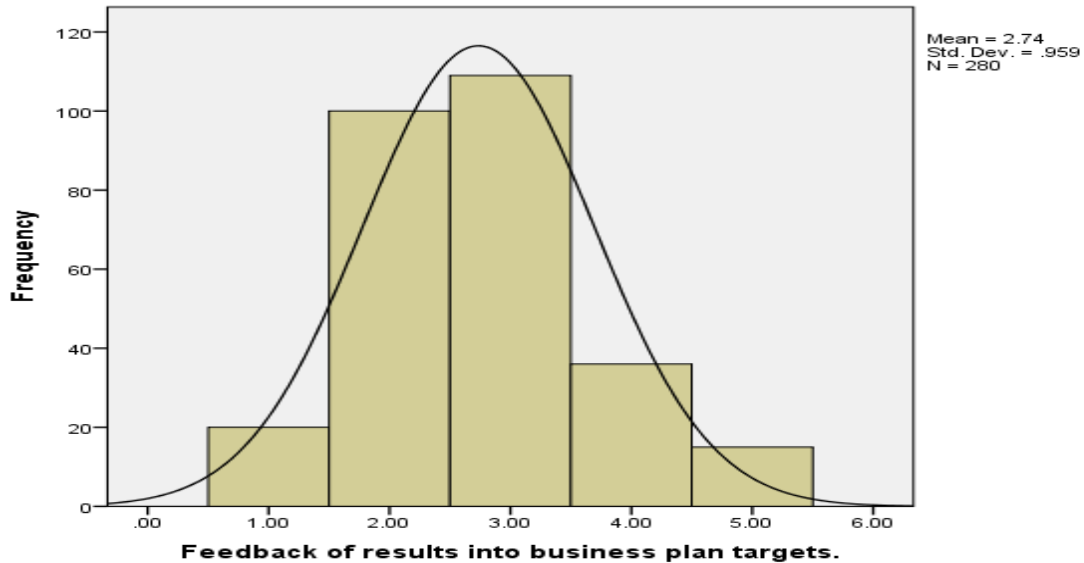


(Source: Survey data, 2014)

As discussed with the respondents regarding the implementation of the best practice, nowadays banks' culture is changing in the knowledge of best practices at the global level. Previously best practices that were carried out by the management, there was little understanding and guidelines on which to base the activity. This is because of no transfer of knowledge on techniques between activities, even if they don't have an experience to share knowledge abroad. But there was confusion among top level managers as to what best practices are and what they involve. This attitude was a major barrier to the implementation of benchmarking. A greater number of practices were found to be in place as a result of this

short-term view of performance. The gap between the best practices and current practices was seen as too large conceptually and could not be reduced in the short term.

Figure 4.5 Frequency percentages for the feedback of results into business plan targets



(Source: Survey data, 2014)

The above Fig 4.5 shows the findings of what it seems like feedback of results into business plan targets. From the respondents revealed that in almost all banks there was no reflection of what had been learnt through benchmarking. One of the benefits of benchmarking is that it legitimizes goals and targets by basing them on an external orientation (Voss *et al.*, 1997). Thus, the benchmarking activity did not appear to have any visible top level implications of what was and was not achievable. These findings indicate that the level and understanding of benchmarking in the companies studied was minimal. They also indicate the existence of some fundamental obstacles in the use of benchmarking.

On the other hand respondents agree that top level management commitment, formal benchmarking strategy, checklist, or definition, and high formalization of rules, policies and procedures of the banks have neutral effects to identify the gap between the service qualities as compared to the best in the industry. But organizational culture must be present to ensure a successful benchmarking experience. One of the most critical preconditions is the

commitment of the top management and its active and supportive role in the process of benchmarking. Camp (1995), Mann (1997), and many others strongly urge that the top management must link benchmarking to the strategic planning process. Similarly, for benchmarking to succeed, both leaders and employees must accept that improving and competing requires being open to new ideas and willing to adapt feasible ideas. With regard to planning ECBs have an average result on planning with results of poor findings but benchmarking is an integral part of the planning and ongoing review process to ensure a focus on the external environment and to strengthen the use of factual information in developing plans.

Table 4.7 Strategic plan on the benchmarking effectiveness

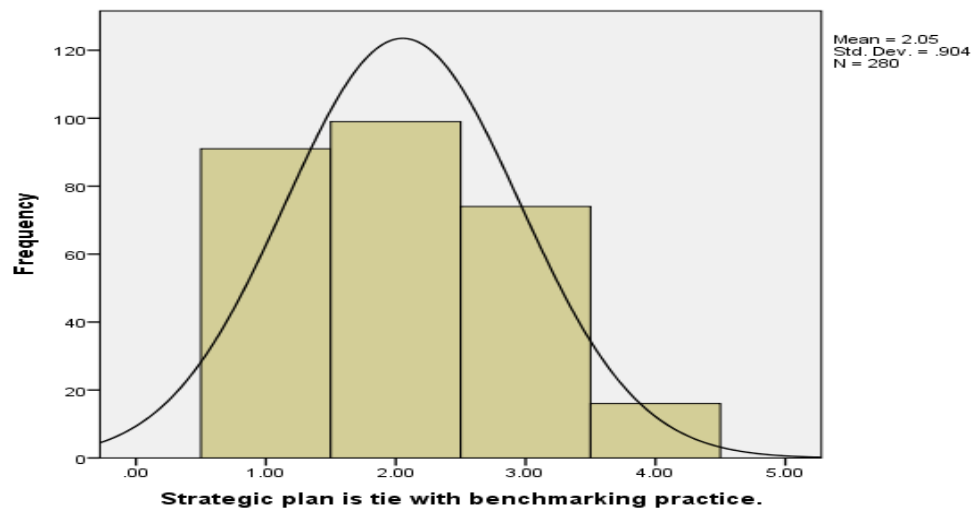
Descriptive Statistics			
Design standard to be the best of the best, the bank uses:	N	Mean	Std. Deviation
Strategic plan is tied with benchmarking practice.	280	2.0536	.90438
Comparison to a respective top-firm for learning purposes.	280	4.3500	.91130
Competitor's analysis and forecast.	280	3.9179	.96370
Analysis of business strengths and weaknesses.	280	3.6357	.84421
Differentiation strategy (such as different in service offer, Unique strategy).	280	3.5893	.96492
Bring to new dynamic banking service to the industry.	280	3.9929	1.06085
Link benchmarking with competitive priorities and improvement programs	280	2.3536	.96905
Establish recommendation with action plan.	280	2.7750	.89768
Flexibility of top management	280	3.5143	.89991

To follow as a motto “best - in –class”	280	3.0607	1.13587
Management takes benchmarking as a day to day activity.	280	2.3643	.75927
Average Mean		3.2370	

(Source: Own Survey, 2014)

Table 4.7 shows that strategic plan of the banks is evaluated by different variables. The mean average of all variables is neutral in terms of design standard based on the gap to be the best of the best with the average mean value of 3.2370. But out of the variables strategic plan is tied with benchmarking practice, link benchmarking with competitive priorities and improvement programs, establish recommendation with action plan, management takes benchmarking as a day to day activity have the least mean value that is 2.0536, 2.3536, 2.7750, and 2.3643 respectively.

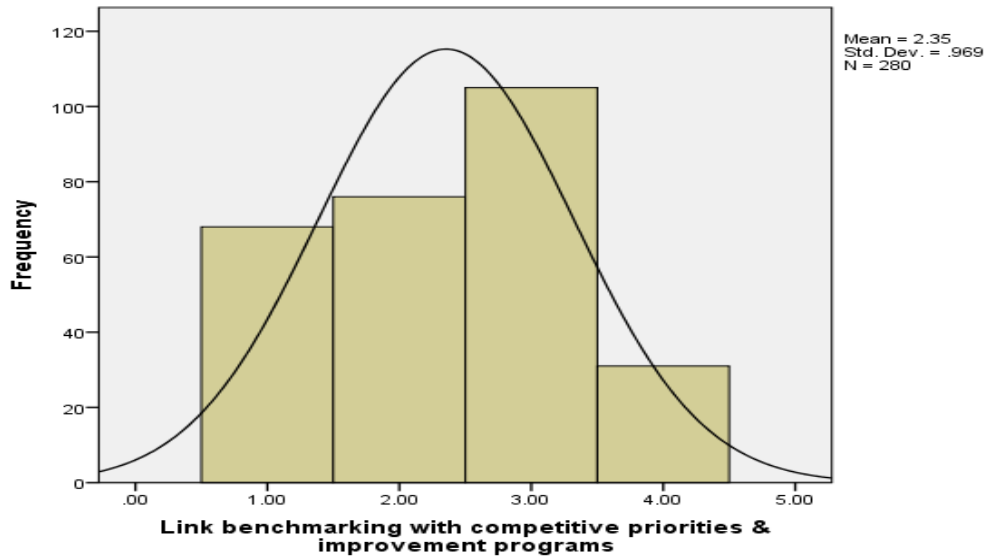
Figure 4.6 Frequency percentages for strategic plan is tie with benchmarking practice



(Source: Survey data, 2014)

As shown in the above Fig 4.6 respondents revealed that the banks are systematically using planning as their normal operation but they don't plan based on the benchmarked practices. The reason for this due to inadequate and more frequent duplication of the best practice of others without adapting them to the company's environment. This factor directly responsible for the commitment of top management and followed by involvement, participation, effective communication and implementation of benchmarking.

Figure 4.7 Frequency percentages for link benchmarking with competitive priorities and improvement programs.



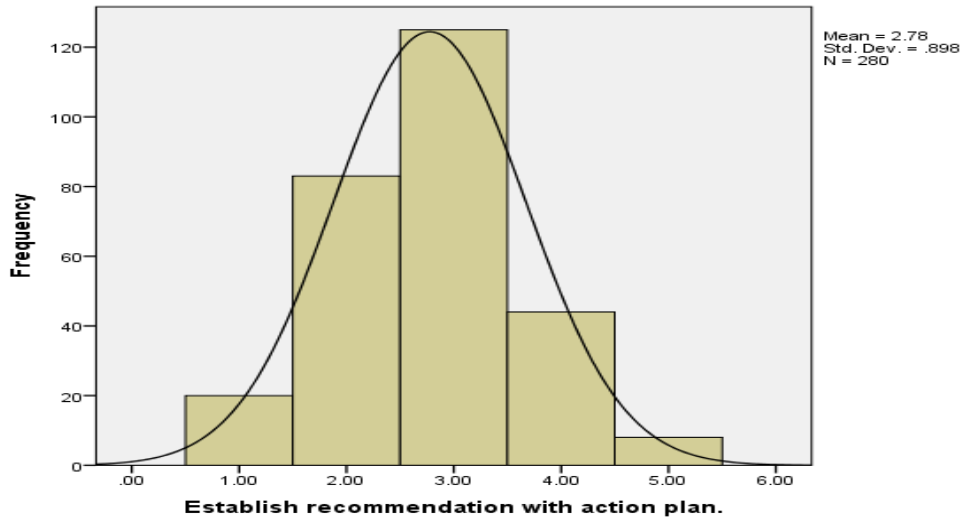
(Source: Survey data, 2014)

Regarding to the link of benchmarking with competitive priorities and improvement programs Fig 4.7 shows respondents argue that studies need to be strategically aligned for the results to be implemented and to achieve maximum benefits. They should not be used to achieve local objectives in separation of strategic objectives. By strategically aligning the programmes, benchmarking activities can be prioritized easily in terms of their contribution to these objectives. It is of key importance that the objective of the benchmarking study supports the overall business objectives and contributes to the achievement of business plan targets (Sweeney, 1994).

Moreover, the integration of benchmarking with other activities, such as TQM or business process engineering, was not as high as it should have been. There is a need to integrate all such activities at a strategic level to ensure that all top level objectives are being met and initiatives complement each other (Bemowski, 1991; Spendolini, 1993). All improvement efforts should be focused on the same issues. Benchmarking can be seen to be a way of managing change where external perspectives on problems can act as a catalyst in change programmes and can help provide vision. Benchmarking may not be enough to eliminate a

culture of fire-fighting that is preventing the implementation of best practices. Improvement programmes may help eliminate the root causes of problems, allowing best practices to be implemented effectively.

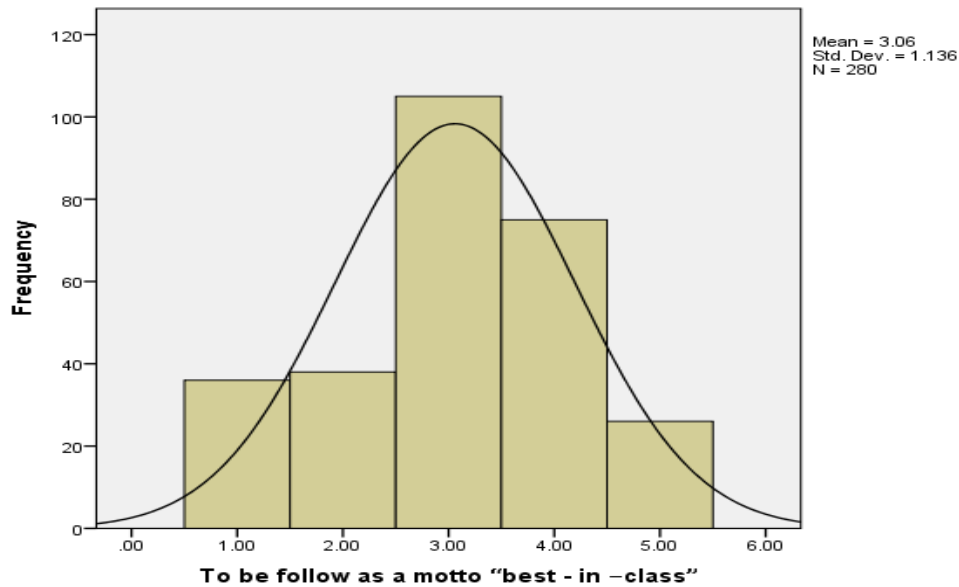
Figure 4.8 Frequency percentages for establish recommendation with action plan



(Source: Survey data, 2014)

As shown in the above Fig 4.8 respondents believe that recommendations should be broken down into achievable action plans. Because effectiveness of benchmarking practices could lead to the enhancement of customer satisfaction as well as recommendation on the service given by the employees. Results were proven by showing that customer are satisfied or not was the most important area that drives the organization to improve. Therefore, customer's satisfaction has strong impact on benchmarking in order to improve product, quality, features and delivery. Action plans should be time phased and should take into consideration the resources available (Watson, 1992). Ownership for action plans should be established.

Figure 4.9 Frequency percentages for follows as a motto “best – in –class”

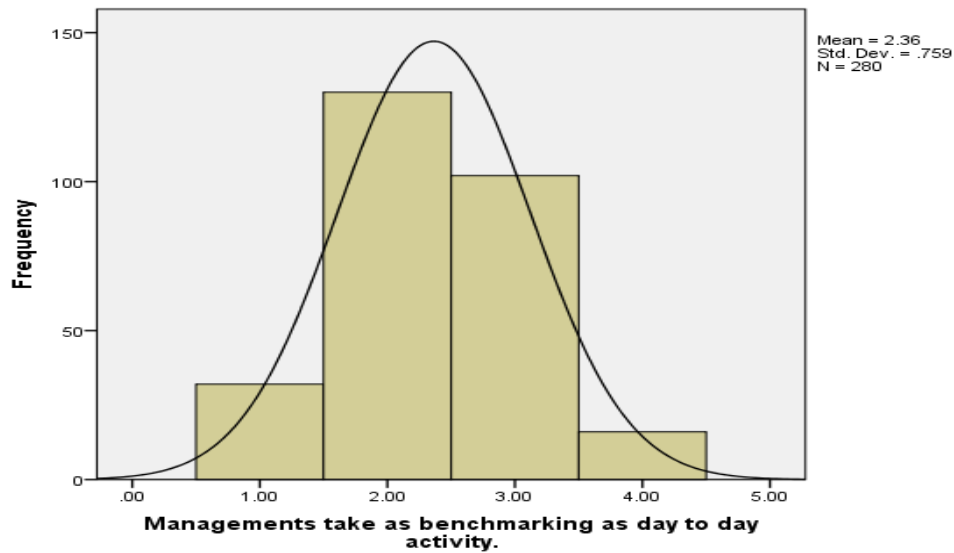


(Source: Survey data, 2014)

Regarding to following of a motto “best in class”, the respondents revealed that banks believe that benchmarking is an excellent tool to be best of the best and also it involves everyone, in the company that is managers and co-workers need to benchmark used depends on the company’s characteristics and circumstances. Top management does not decide whether to focus on diverse internal functions, competitors, industry performance, or “best-in-class” targets. Any type of benchmarking management chooses will benefit the company if applied correctly. Because benchmarking is the seed of organizational and cultural changes that must occur if a company is to survive and to achieve competitive excellence. The overall goal of benchmarking is to help companies achieve excellent competitive capabilities.

According to (Gani,2004) benchmarking is all about establishing a company’s objectives by using practices of best in class, and as such is an effective performance management instrument. These characteristics need proper communication on the objectives and success of implementation of a benchmarking system that relies on employees performing with the view of meeting those objectives.

Figure 4.10 Frequency percentages for managements take as benchmarking as a day to day activity



(Source: Survey data, 2014)

The results also indicate that for the last few years the commitment of management regarding the benchmarking concept is very less and they do not seem to consider benchmarking as an important strategic tool. Most of these managers have not shown strong evidence of having a well-planned benchmarking program and a formal and complete implementation of the practice. However, in recent years management has designed standards for each activity of banks, this is a very important precondition in order to promote and adopt benchmarking in the bank.

4.2.1 Pearson Correlation Analysis

To determine the relationship between performance measurement, competitive gap and strategic planning and benchmarking effectiveness Pearson correlation was computed. Table 4.5 below presents the results of Pearson correlation on the relationship between performance measurement, competitive gap and strategic planning.

Table 4.8 the relationship between performance measurement, Competitive gap and strategic planning

		Performance measurement	Competitive Gap	Strategic planning
Performance Measurement	Pearson Correlation	1	.678**	.728**
	Sig. (2-tailed)		.000	.000
	N	280	280	280
Competitive Gap	Pearson Correlation	.678**	1	.856**
	Sig. (2-tailed)	.000		.000
	N	280	280	280
Strategic Planning	Pearson Correlation	.728**	.856**	1
	Sig. (2-tailed)	.000	.000	
	N	280	280	280

** . Correlation is significant at the 0.01 level (2-tailed).

(Source: Survey data, 2014)

According to Cohen (1988) the following guidelines are used to show the relationship among the variables:-

$r = .10$ to $.29$ or $r = -.10$ to $-.29$	Small
$r = .30$ to $.49$ or $r = -.30$ to $-.49$	Medium
$r = .50$ to 1.0 or $r = -.50$ to -1.0	Large

These guidelines apply whether or not there is a negative sign out the front of the r value. The negative sign refers only to the direction of the relationship, not the strength. The *strength* of correlation of $r = .5$ and $r = -.5$ is the same. It is only in a different *direction*.

The results in table 4.8 indicate that, there is positive and significant relationship between performance measurement and competitive gap ($r = 0.678$, $p < 0.01$), performance measurement strategic planning ($r = 0.728$, $P < 0.01$), competitive gap and strategic planning ($r = 0.856$, $P < 0.01$). The finding on table 4.8 above further indicates that the highest relationship is found between competitive gap and strategic planning ($r = 0.856$, $p < 0.01$). In

addition to this performance measurement with strategic planning and performance measurement with competitive gap has a positive relationship.

Table 4.9 below presents the results of Pearson correlation on the relationship between performance measurement, competitive gap and strategic planning with benchmarking effectiveness.

Table 4.9 the relationship between performance measurement, Competitive gap and strategic planning with benchmarking effectiveness.

		Performance measurement	Competitive gap	Strategic planning	benchmarking effectiveness
Performance Measurement	Pearson Correlation	1	.678 ^{**}	.728 ^{**}	.869 ^{**}
	Sig. (2-tailed)		.000	.000	.000
	N	280	280	280	280
Competitive Gap	Pearson Correlation	.678 ^{**}	1	.856 ^{**}	.926 ^{**}
	Sig. (2-tailed)	.000		.000	.000
	N	280	280	280	280
Strategic Planning	Pearson Correlation	.728 ^{**}	.856 ^{**}	1	.948 ^{**}
	Sig. (2-tailed)	.000	.000		.000
	N	280	280	280	280
Benchmarking Effectiveness	Pearson Correlation	.869 ^{**}	.926 ^{**}	.948 ^{**}	1
	Sig. (2-tailed)	.000	.000	.000	
	N	280	280	280	280

** . Correlation is significant at the 0.01 level (2-tailed).

(Source: Survey data, 2014)

To find the association of the variables or determinant, Pearson product moment correlation coefficient was used. Besides, the result of the correlation shows positive relation among them. All correlations between items are positive and significant at 1% level. Thus it seems that when one of these practices is used, it is very likely that the other practices will also be applied in banks and vice versa. Moreover, the correlation matrix shows that benchmarking practice may be feasible and applicable for the banks to stay in the market as a leader and role model.

4.3 Discussions

Preconditions for benchmarking

From the findings one of the most important thing in the practice of benchmarking; the successful benchmarking experiences are critical preconditions for commitment of top management. Because could support the implementation of benchmarking by allocating budgets and resources, monitoring progress and planning for change, put strategic plan for a certain period of time. Moreover, for the success of benchmarking practice both leaders and employees must accept that improving and competing requires being open to new ideas and willing to adapt feasible ideas.

Limited use of benchmarking with no detailed benchmarking studies

Here in the findings of this study the problem with benchmarking was insufficiently helpful. These asserted; staff resistance had been problematic at various stages of start to acting on the results of benchmarking. This indicated by comments such as problem of how to involve in all the workforce right down to individual operators and increased pressure to reduce costs of benchmarking. This perhaps reflects mistrust among many employees towards management techniques which may be used to undermine their own positions.

Therefore, there were very few formal and structured benchmarking practices carried out by the bank to investigate either at top or lower levels of company environment. Despite the

bank participated informal benchmarking initiatives organized by professional associations and they provide useful insights into the area investigated. However Confidentiality problems are happen such as commercial sensitivity, openness of some banks in taking part and difficulty in making detailed in-depth. Comparisons due to commercial sensitivity were cited relatively infrequently. This may indicate that experienced benchmarks were well aware of the need to addresses this formally at an early stage. Confidentiality is seen as less of a problem once a benchmarking partnership (and trust) has been established but is often an impediment to imitating a benchmarking practice.

Lack of planning – resulting in poor findings

From the respondents fact there is lack of planning is one factor to implement the benchmarking effectively and efficiently within the banks. These lacks of planning expressed in terms of there are no clear objectives, resulting in superficial and general studies with vague recommendation as the resulting of benchmarking. This shows that very little benefit and insufficient time and money to fulfill the implementation of plan. Besides, there was no reflection of what had been learnt through benchmarking practice in the business plan targets. Because of this reason the benchmarking activity did not appear to have any visible top level implications of what was and was not achievable.

There was no formal benchmarking strategy and checklist

Based on the findings, there was no formal benchmarking strategy at any point the banks plan. None of the activities priorities areas for benchmarking because benchmarking carried out to support a specific objective. There did not appear to be a budget for benchmarking activities at any of the activity. In addition there was no formal benchmarking check list at any activity, leading to confusions as to what benchmarking involved. The reasons for this tended to be that, there was a lack of commitment by top level management. May be there is a problem to the findings and implementation of plans, the time scales for implementation were too long and thus enthusiasm for change declined with time, there was a lack of funds to put the recommendations into practice.

The reasons for failure to use benchmarking

The biggest failure in benchmarking practice is, the pre-analysis factor comes from inadequate and more frequent duplication of the best practice of others without adapting them to the company's environment. This factor directly responsible for the commitment of top management and followed by lower level employee involvement and participation, effective communication and implementation of benchmarking findings and finally clarity of benchmarking objectives. From the respondents another reason for not implement benchmarking is comparability and lack of resources (time and money) in such situations the idea of benchmarking has not been rejected, they have made an informal decision concerning whether to implement benchmarking or not. Resource constraints included time, finance and expertise although time was by far the greatest factor. There was a widespread acceptance that benchmarking is quite time consuming for and quite expensive for the banks.

Organizational culture and benchmarking practice

From the findings all banks are aware of the minor changes of their products or outcomes and also must always be able to adapt changing market environment. In addition, new product flexibility is the ability of the banks to design, prototype, and produce a new product to meet the stringent time and other constraints. However in this study almost all banks are not flexible to demonstrate a positive impact on the effectiveness of benchmarking practices. Because there is high standardization, high formalization and also there is a lot of policies and procedures. In such situation, the commitment of top management is one of the most important factors for any management practice. The respondents indicate that the commitment of the management restricted by influential factor for effective benchmarking. Despite, most of the time they only test and duplicate the other banks trend rather to create a new idea as well as to test results indicate that customer's satisfaction.

Government intervention and benchmarking practice

Government intervention on benchmarking is one of the proposed tools of government reforms to assist in the monitoring and control of activities of banks. Government also encouraged the banking sector to use benchmarking as a useful management tool to achieve best value. From the findings banks are constantly under pressure from the government rule and regulation such as changing technologies, apply policies and procedures of NBE directives in loans and advances as well as in foreign transaction. Such government interventions have demonstrated a positive and negative impact on the effectiveness of benchmarking. These findings indicate that the source of effectiveness of benchmarking also come from government intervention.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This part of the study tries to summarize and conclude the key findings which rise out of the study and pass possible recommendations as remedies to improve the existing and observable potential challenges.

5.1 Summary of Major Findings

This part of the study tries to recapitulate the key findings which a rise out of the study.

The study was intended to investigate the practices and challenges of benchmarking in selected Ethiopian commercial banks in Addis Ababa based on the questionnaire consisting of 346 systematically selected employees of four banks. The results of background information of respondents indicated that majority of the total respondents (76.1%) are male, (60.7%) have an experience of 5-10 years, (87.1%) are degree holders, and (53.6%) of the respondents are senior department officers.

As seen in the findings, implementing successful benchmarking practice is the role of top management. This is very crucial because they put strategic plan for certain period of time, monitor, progress and plan for change. However, those roles are not only the commitment of top management rather lower level of employees also innovative to improve the service.

Based on the findings, organizational culture may affect the benchmarking practice. When there is high formalization, high standardization and a lot of policies and procedures the commitment of top management may be restricted. Moreover from the results, all banks have little understanding and minor changes of their products or services but this is not the right way to adapt changing market environment.

Regarding to the country's infrastructure and inefficiency of Ethio telecom, they are creating challenges to apply the best practice in the industry. In addition to this the government intervention has its own negative and also positive impact on the benchmarking practice

because the directives imposed by NBE are obstacles to enhance the service provision to make a difference in the industry.

From the findings, the biggest failure in benchmarking practice is more frequent duplication of the best practice of others without adapting them to the company's environment. This factor directly responsible for the commitment of top management and followed by involvement, participation, effective communication and implementation of benchmarking.

Based on the findings there is lack of planning to implement the benchmarking effectively and efficiently within ECBs. These lack of planning expressed in terms of no clear objectives, resulting in superficial and general studies with vague recommendation as the resulting of benchmarking. Besides, there was no reflection of what had been learnt through benchmarking practice in the business plan targets.

As seen in the findings, there was no formal benchmarking strategy at any point in the banks' plan. There is no budget for benchmarking activities. In addition there was no formal benchmarking check list, leading to confusions as to what benchmarking involved. The reasons for this tended to be that, there was a lack of commitment by top level management.

Finally, the correlation result shows that there is a positive and significant relationship between performance measurement, competitive gap and strategic plan. Moreover, the finding also indicates that the highest relationship was found between performance measurement, competitive gap, strategic plan and benchmarking effectiveness.

5.2 Conclusions

Based on the findings of the study, the following conclusions are drawn by the researcher.

- ✚ The practices of ECBs are doing a lot with the strategic plan of and controlling activities with respect to the company's performance improvement and customer satisfaction. Because benchmarking is not a onetime practice it is continuous assessment. In addition to this, ECBs do not use the process of benchmarking practice properly rather they assess the market and conduct a feasibility study on any services.
- ✚ Most of the challenges of ECBs are the directives imposed by NBE. They are obstacles to enhance the service provision to make a difference in the industry. Moreover, the country's infrastructure to implement the best practices in the industry and inefficiency of Ethio telecom regarding the IT technology are the main challenges.
- ✚ Almost all banks are not flexible to demonstrate a positive impact on the effectiveness of benchmarking practices, because there is high standardization, high formalization and also there are a lot of policies and procedures. In such a situation, the commitment of top management is one of the most important factors for any management practice like benchmarking.
- ✚ All banks are highly focused on adapting and implementing the best practice of other banks activity rather than becoming open a new method, idea, process and practice to improve effectiveness, efficiency and performance. The reason behind this is that, banks are focused on customer feedback as well as customer satisfaction.
- ✚ For the successful benchmarking practices the commitment of top management are critical preconditions and followed by lower level of employees. Because they support the implementation of benchmarking by allocating budgets and resources, monitoring progress and planning for change, put strategic plan for a certain period of time.

- ✚ Finally, Ethiopian commercial banks do not use any kind of benchmarking activities to stay in the market to be competitive. However, comparison of their services against the best in the industry is based on their own resources, activities performed with predetermined, profit earning as well as large market share with peer banks in the industry.

5.3 Recommendations

Ethiopian commercial banks encountered some drawbacks in applying benchmarking practice. So as to alleviate these drawbacks, the following recommendations are forwarded.

- ✓ **Human capital:** Banks to build up the knowledge of existing employees in order to increase the use of benchmarking by giving them training outside the country. Another solution is implementing BSC to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals.
- ✓ **Continuous improvement** – Benchmarking should not be treated as a one off exercise; it should be incorporated into the regular planning cycle of the banks and the management of key processes.
- ✓ **Systematic** – Banks use a consistent methodology of planning and adopting by the management and that it is actually followed. It is equally important that processes are in place to ensure that good practice is shared across the banks.
- ✓ **Effective implementation** – Top management must clearly identify the gaps that exist between current performance and best practice and also how best practice performance has been achieved but in order for improvement to occur, a set of actions must be implemented.
- ✓ **Best practice** – Banks should only identify the absolute best practice in the world in order for benchmarking to be successful.
- ✓ **Flexibility** - Banks should have some flexibility of their policies and procedures to get the opportunity to achieving organizational goals.

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Appendices

APPENDIX A

Questionnaire

St. Mary University
School of Graduate Studies
MBA Programme

Researcher: Yonas Yemane

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Email: Liyoneal@gmail.com

Dear Respondents,

This questionnaire is designed to collect data's on the topic '*The Practices and Challenges of Benchmarking in selected Ethiopian Commercial banks*'. The purpose of the study is for the partial fulfillment of the requirement for MBA program. For the successful accomplishment of the study, the response of employees of the bank will have pivotal role by being used as valuable input for the study. I assure you that the information to be shared by you will be used only for academic purpose and kept confidential. So, you are kindly requested to genuinely fill the questionnaire.

Thank you in advance for your cooperation!

Instructions:-

- Writing your name is unnecessary.
- Put “ ✓ ” mark as per the questions required in the box or answer in the space provided.

Part One: Respondents Profile

1. Gender Male Female

2. Number of years you have worked in the Bank (in years)

0-5 5-10 10-15 15-20 20 yrs & above

3. Educational Level Certificate Diploma Degree

 Master PhD

4. Your current position _____

Part Two: Respondents opinion investigation

Use of benchmarking in Supporting Business Management

Next, there are listed reports of various benchmarking practices and techniques that can be used to in banking industries. Do you use these analysis or reports in your bank? Please tick the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

A. Performance Measurement

For comparison of own business process against the best in the industry based on:		Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
1	Banks reports and operations					
2	Budgets are progressively follow up					
3	Industry Average service quality Comparison					
4	Shareholder value analysis/Economic value added (EVA)					
5	Comparing actual performance with predetermined target.					
6	Profit Earnings as compared with the same in the industry.					
7	Market assessment for different products & service					

8	Give training for top management aboard countries					
9	Strong directions to the management & supports					
10	Set realistic targets & objectives					
11	provide a customer base services and products					
12	The process of benchmarking (planning, collecting, analyzing, & adapting) for better study.					
13	Continues improvements					
14	Customer analysis (satisfaction , feedback)					
15	Cost leadership strategy (such as low cost service)					
16	Innovative and high caliber staff					
17	Large market share in the industry					

B. Competitive gap

Instruction: Please tick the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	The bank identifies gap between services quality as compared to the best in the industry based on	1	2	3	4	5
18	Policies or directives impose by National Bank of Ethiopia					
19	Use of benchmarking practices					
20	Implementation of best practice					
21	Top level management commitment					
22	The country infrastructural development					
23	Formal benchmarking strategy, checklist, or definition.					
24	Feedback of results into business plan targets.					
25	Planning – resulting in poor findings.					
26	High formalization of rules, policies and procedures.					

C. Strategic planning

Instruction: Please tick the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

Design standard to be the best of the best, the bank uses:		Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
27	Strategic plan is tie with benchmarking practice.					
28	Comparison to a respective top-firm for learning purposes.					
29	Competitor's analysis and forecast.					
30	Analysis of business strengths and weaknesses.					
31	Differentiation strategy (such as different in service offer, Unique strategy).					
32	Bring to new dynamic banking service to the industry.					
33	Link benchmarking with competitive priorities & improvement programs					
34	Establish recommendation with action plan.					
35	Flexibility of top managements.					
36	To be follow as a motto "best - in -class"					
37	Managements take as benchmarking as a day to day activity.					

38. If you have any other opinion regarding to benchmarking practice

_____End!!!!_____

APPENDIX B

Semi-Structured Interview

St. Mary University

School of Graduate Studies

MBA Programme

Dear Respondents,

This Semi-structured interview is designed to collect data's on the topic '*The Practices and Challenges of benchmarking in selected Ethiopian Commercial banks*'. The purpose of the study is for the partial fulfillment of the requirement of MBA program. For the successful accomplishment of the study, the response of employees of the bank will have pivotal role by being used as valuable input for the study. I assure you that the information to be shared by you will be used only for academic purpose and kept confidential. So, you are kindly requested to genuinely react the interview questions.

Thank you in advance for your cooperation!

1. Does your company use the benchmarking practice?
2. How do you apply benchmarking practice in your organization?
3. Do you think that benchmarking meets your goals applying properly?
4. Which of the services are benchmarked and which are not?
5. Does the bank have any standard to benchmark other banks practice (differentiation strategy)?
6. All the policies and procedures are guide by NBE directives?
7. Are there any continues assessment to measure the performance of the organization?

8. Does the bank establish strategic plan based on the benchmarked practice within the same industries?
9. How to fill the competitive gap within the same industry?
10. Are there any challenges you faced while practicing the benchmarking?