

INTERNAL BENCHMARKING AND THE LEARNING ORGANIZATION AT THE TELEPHONE ORGANIZATION OF THAILAND (TOT)

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ABSTRACT

This study is concerned primarily with an internal benchmarking study conducted in TOT, in two divisions which are concerned with the revenue sharing processes with two external concessionaires. The essential objective of the study was to improve the performance of the two divisions in an endeavor to reach a position of best internal practice.

The study was not specifically about the movement of TOT towards becoming a Learning Organization although the Chief Executive Officer of TOT had indicated his intention for TOT to move in that direction.

Nevertheless, there are aspects of benchmarking which also have relevance to a Learning Organization such as the development of effective teamwork, greater staff involvement and participation and a staffing attitude leading towards a desire for continuous work performance improvement.

As a result, although the study itself was only concerned with the process of internal benchmarking, the relationship of the study to the broader concept of a Learning Organization was also investigated and discussed.

INTRODUCTION: TOT

TOT is a large public company in Thailand. It was originally a state instrumentality. However, while its form of organization has changed, it is, in fact, a public company where currently all the shares are owned by the Thai government.

It is a large organization of almost 20,000 staff, an annual revenue (2006) of over 75 billion baht (over US\$2 billion) and a net profit of approximately US\$200 million.

Benchmarking

The concept of 'benchmarking' has become increasingly important in recent years as organizations have sought to improve their performance in an attempt to become and to remain competitive. Nowadays, it is not only important to be competitive at the local and national levels but it is increasingly becoming important to be able to compete in the international marketplace.

Thailand, together with other members of the World Trade Organization (WTO) is committed to the opening up of its telecommunications sector and this means that TOT is likely to face increasing international competition in the future and so it has become essential for TOT to encourage and develop a process of continuous change and organizational development.

One important methodology in coping with continuous change is to 'benchmark' to try to develop 'best practices'.

Benchmarking is seen as one of the most effective tools for transferring knowledge and innovations in organizations (Hinton, Francis and Holloway, 2000). Of even more importance, benchmarking used to support continuous improvement strategies is likely to have a positive impact on the organization's competitiveness (Carpenetti and Mello, 2002).

Reider (2002, p. 41), defines benchmarking as:

A process used for analyzing internal operations and activities to identify areas for positive improvement in a programme of continuous improvement.

Vitasek and Mandrodt, 2005, p. 55, define benchmarking as:

Benchmarking is the process of drawing meaningful comparisons between a company's performance of identified best practices. For many companies, these known best practices can become a beacon for continuous improvement pointing employees to better ways to get things done.

With reference to the different types of benchmarking which have been identified, a number of authorities identify four basic types, depending on whom one compares with; these are competitive, functional, generic, and internal benchmarking (O'Dell and Grayson, 2000; Balzan and Baldacchino, 2007; Reider, 2000).

Competitive benchmarking, probably the most common form of benchmarking, looks outside the company, identifying strengths and weaknesses and helping to prioritize specific areas for improvement (Rolstadas and Andersen, 2000). However, it sometimes raises the problem of the sharing of sensitive information with competitors and it was not really available to TOT (Reider, 2000).

Functional benchmarking is used when an organization wants to benchmark with partners drawn from different business sectors to improve similar functions or work processes (Andersen and Pettersen, 1996).

Internal benchmarking means benchmarking against internal operations and does not examine practices outside the organization. It is thus a more restricted form of benchmarking, but it can still be worthwhile and useful (Vitasek, 2006). It can provide a framework for trying to identify 'best practice' within an organization as a preliminary step to external benchmarking or, in its own right, solely within a particular organization (Reider, 2000).

Internal benchmarking was selected for the TOT study and while it may be seen as the most limited form of benchmarking, it nevertheless, may be of considerable value. Reider (2000) states that the effective use of internal benchmarking techniques allows a company to operate at optimum levels by performing the 'right' particular job or process the 'right' way and at the 'right' time. When applied consistently, internal benchmarking can be a preventative measure and it is part of TOT's plan that the particular activity be repeated and the information obtained disseminated within the organization. Reider (2000) also claims that it can be used successfully for internal and competitive excellence.

Vitasek and Mandrodt (2005, p. 55) define internal benchmarking as follows:

Internal benchmarking is looking within a firm to find your own pearls of wisdom to leverage across the organization rather than looking outward to other companies or other industries. Today's companies want a quick return on investment, and internal benchmarking can help reduce the amount of time to do benchmarking. In addition, it is often much easier for employees to buy in to a best practice when they can see the practice being demonstrated within their own company.

Internal benchmarking, then, was considered to be a suitable method for this study and desirable for TOT as a first step towards the process of moving towards organizational change and to becoming a Learning Organization.

Perhaps, at this point, it is also appropriate to define a 'Learning Organization'. Garvin (1993, p. 78) defines the learning organization as:

One that proactively creates, acquires and transfers knowledge and that changes its behaviour on the basis of new knowledge or insights.

We will return to the Learning Organization a little later.

MODEL AND METHODOLOGY

A case study approach was used in this research, with internal benchmarking as a methodological tool.

Patton (2002, p.447) says that:

The case study approach to qualitative analysis constitutes a specific way of collecting, organizing, and analyzing data; in that sense it represents an analysis process. The purpose is to gather comprehensive, systematic and in-depth information about each case of interest.

The method used in this internal benchmarking study was taken from Camp (1994). Camp uses five phases in his study. These are the planning phase, analysis phase, integration phase, action phase, and maturity phase.

In the planning phase, it is necessary to select the comparative companies or activity centers and determine the data collection method and collect data. The analysis phase determines the current performance gap, and projected future performance.

The integration phase is concerned with communicating internal findings and gaining acceptance and establishing goals. The action phase requires the researcher to develop action plans, implement specific actions, monitor progress and recalibrate the internal benchmarks.

The final maturity phase focuses on a leadership position being attained and the practices being fully integrated into the corporate process.

This model was used in conjunction with Boonyakit and Siripanit's (2002), selection criteria in order to select the most appropriate area for internal benchmarking. This selection criteria examines the following areas:

1. The impact of the process on goals and organization strategies.
2. The need to improve the process.
3. The difficulty or ease with which the company can be internally benchmarked.
4. The nature of the teamwork.
5. The organization's achievements.

Using this model, then, it was determined by the participants of the two revenue-sharing divisions that the actual revenue-sharing process itself was the most important aspect requiring internal benchmarking.

This process was then undertaken in both revenue-sharing divisions using Camp's (1994) methodology.

Space is insufficient in this paper to report and analyse each aspect of Camp's methodology as applied in these two revenue-sharing divisions of TOT. Suffice to say, however, the application of this methodology resulted in significant improvements in the internal work practices and performance levels in both revenue-sharing divisions.

As well as the steps indicated above in Camp's process, the study involved observation of participants by the researcher or her research assistants (with the full permission of all participants in both divisions), a self-reflection stage, an important stage which enabled participants to each personally 'reflect' on the process and on the changes and improvements made to the process after these changes and processes had been implemented, and further interviews with the staff members involved at the conclusion of the whole process.

In the view of the researcher, the 'self-reflection' stage was a significant aspect of the whole process, and, indeed, fostered mindsets among participants which were concerned with the need for continuing and ongoing improvements in work practices.

As indicated, the data analysis and synthesis from internal benchmarking of the revenue sharing processes of the two divisions at TOT derived from Camp's (1994) steps of planning, analysis, integration and action. In addition, results from observation, interviews and self-reflection identified seven themes which lead to best

practice, namely system management, time management, learning, the learning organization, professional development, teamwork, internal benchmarking and motivation. This demonstrates the new knowledge obtained and how to rethink the best practice at TOT. It also discusses this process of internal benchmarking within TOT as a step towards becoming a learning organization.

In order for TOT to become a high quality learning organization, to be able to develop sustainable competitive advantage, which is competitive advantage over the long term, and compete in the current and future marketplace, it needs to continuously focus on these seven themes.

The procedure demonstrated a satisfactory degree of success of the internal benchmarking process and how it could be applied as a human resource management tool within the organization. The internal benchmarking system involved learning for achieving improvements. It leads to an understanding by employees of the strengths and weaknesses of the working process and allows comparisons between employees' abilities that can lead to achievement of goals and successful outcomes. In addition, employees can use self-assessment to improve their performance and emulate better patterns of work.

Regarding system management in both divisions, the benchmarking process revealed the need for the administration to improve the working environment by providing adequate and suitable computers and printers. By improving the working environment, employees' performances would also be improved. However, there were some problems and barriers that existed, due to management policy and the limited budget. It is therefore desirable to have a strategic plan and for a budget to be allocated within this plan. The physical working spaces of both divisions were also limited and had to be shared with other employees and so improvements were subject to the similar constraint, i.e., lack of budget.

The study found that when one division changed its computer program from Excel to Access, this resulted in improved performance, a reduction of time, better time management and improved working systems. Even in the other division which was already using the Access program, the time taken to conduct the work was still reduced after best internal practice was applied. Once this division was rivaled in performance by the other division, it had to endeavour to improve its own outputs and become more competitive. This corresponds with the findings of Godard (2001) which showed that the awareness of benchmarking can create more competitive behaviour, leading to new ideas and a change breakthrough. In other words, internal benchmarking can stimulate employees to be more competitive at work, leading to sustained improvements. Moreover, both divisions had an exchange in terms of learning and work experiences. As a result of discussions and meetings, employees were able to learn continuously, learn from working experiences and learn from others. This experiential learning is described by Kolb, 1984, and is important in the areas of globalization and privatization (Ormrod, 2006).

One way to achieve improvements in work performance is to try to create conditions which are likely to motivate employees, so the manager needs to make employees feel that they are fairly treated in their performance assessments which should be accurate, transparent, and appropriate to ensure fairness. Robbins and Coulter (2002) explain

that motivation is significant in encouraging employees to work towards a goal, to make sacrifices for the organization and to find satisfaction in the achievement of their work. Furthermore, it is necessary to enable employees to understand the value of teamwork, because it gives considerable benefits to the organization (Bateman and Snell, 2007). However, in Thai culture there are some problems related to teamwork. Thai employees tend to accept hierarchy and authority. They may accept the concept of teamwork because of their loyalty to a particular manager who wants them to work in and as a team. In other words, teamwork may not be accepted or practiced for its own sake or because it leads to higher levels of performance but rather as an aspect of respect and loyalty to someone who is regarded as a 'good' boss or manager. This is not necessarily reflected in higher levels of performance. Under this approach, there is often a lack of cooperation with their parts of the organization who are not members of this particular team. So, there is a hierarchy of respect and groups which may not accept each other and this can be a barrier (Hughes and Sheehan, 1993).

Unlike in many other cultures, it is difficult for Thai employees to openly disagree with their managers or anyone who occupies a more senior position and this can also cause a barrier towards the effectiveness of teamwork (McCampbell, Jongpipitporn, Umar and Ungaree, 1999).

Despite this, the concept of teamwork is an important aspect of internal benchmarking and of a movement towards becoming a learning organization. However, an important aspect in team development and operation is a process not only leading towards successful teamwork but one which also attempts to successfully integrate the activities of all teams which is likely to lead to the overall success and competitive advantage of the whole organization.

Another way to improve work performance is professional development. This could occur through on-the-job training, whereby employees learn from their own performance, and also from attending seminars and site visits, either to other sectors within TOT or to other organizations. Brewster, Darling, Grobler, Keller and Warnich (2000) and Harrison (2004) indicate that on-the-job training gives the opportunity to learn new work-related skills, promoting self and professional development. However, the important thing is for employees to reflect on the learning, thinking and working processes through regular self-assessment, or by having regular discussion and 'brainstorming' meetings. Discussions at such meetings can reveal employees' thinking and their feelings towards the work process and this, in turn, can bring about improvements in work performance (Southard and Parente, 2007).

Staff in both divisions have developed their knowledge of internal benchmarking strategy and their perceptions of how it works, namely making comparisons with each other to find best internal practice. Hence, these staff now realize the importance of the process and that it can benefit them in terms of self-development, increase their knowledge and ability, compare themselves with another division and lead to the achievement of the organization's goals. According to this research, internal benchmarking of the two divisions enhanced knowledge, understanding and self-development which can bring about a competitive edge. Moreover, staff in both divisions have developed their knowledge of technology. This is because data management in the revenue sharing process requires knowledge not only of the software program but also of financial and accounting disciplines. When staff in the

two divisions reflect on the revenue sharing activity, it increases both their technological and financial skills, which are essential to managing the process.

The study also found that staff from both divisions needed to further develop their computer skills for use in data management.

Staff realize the importance of using technology to obtain quick and accurate data management. The study also found that both divisions developed their timing skills, for example, in solving problems in the work process. This was because the work has various steps and when a problem occurred, employees could share their knowledge and experience to solve it. By learning from each other, they could develop the skill of solving problems for themselves, so they learnt as a team. According to Senge, 1994, team learning is a way to share knowledge and develop thinking skills and Donnelly, Gibson, and Ivancevich (1997) assert that teamwork is essential if the organization is to be successful.

In summary, to develop the staff and increase their professional capabilities, the following were identified as areas for further development:

1. Technical skills in using computers and technology.
2. Technical skills for data management.
3. Time management skills, because timing is critical when following a plan and reaching a goal.
4. Self-assessment skills, which can be used to analyze strengths and weaknesses.
5. Learning skills, enabling employees to understand themselves and others in order to work together.
6. Self-development skills, allowing employees to feel part of the organization and enhance their knowledge. This will give them greater ability to face and manage organizational change.
7. Skills obtained through using the benchmarking procedure, facilitating self-assessment and performance appraisal in both divisions.

To enhance and support these improvements, the following are required:

1. Clear work steps to improve the working process.
2. Job rotation to allow individual employees to better understand all the roles and tasks within the division.
3. Staff should become both coaches and learners, through self-improvement, using teamwork not only to impart knowledge to others and help them to solve work problems but also to learn from other people.
4. Lifelong learning is important. The staff need to be able to learn continuously.
5. Self-development is necessary for professional development, which will allow employees to obtain the necessary knowledge, skills and competency to do the work and to better fit themselves for promotion and other opportunities.
6. It is important for employees to have clear goals that can be assessed through the TOT performance appraisal system.
7. The work process should incorporate Deming's (1982, 2007) system of 'plan, do, check, and act'.

It can be concluded that internal benchmarking provides many benefits to an organization, allowing it not only to improve its work processes, management and

staff but also its conceptual thinking. This applies to all types of benchmarking, of which, in some respects, internal benchmarking is the most restricted form. It is still, nevertheless, a worthwhile form, as this paper has tried to show. However, as the organization progresses towards becoming a learning organization, other forms of comparative benchmarking, both with local and international organizations' best practices, may apply.

This can lead to more effective working systems, with management and staff having improved abilities and knowledge development. In effect, it establishes best practice, although this is an ongoing process so improvement and change occur all the time. Best practice maximizes the benefits that can accrue to the organization (Henderson and Evans, 2000; Rolstadas and Andersen, 2000; Boxwell, 1994).

A LEARNING ORGANIZATION

I now want to complete the paper discussing briefly TOT's movement towards becoming a Learning Organization.

Unfortunately, at present, TOT still has quite some way to go before it can claim to be a learning organization.

The application of the internal benchmarking process in two small divisions of TOT is not, in itself, a direct movement towards becoming a learning organization. Nevertheless, it has been indicated that the benchmarking process does include various aspects which one would also see within a learning organization, such as employee participation and involvement, and an emphasis on teamwork. Certainly, if the internal benchmarking process was developed more widely over the whole of the TOT organization, TOT would be approaching the concept of becoming a learning organization.

However, there are still some problems which exist that would require significant change before TOT could be considered as a learning organization.

TOT is currently managed as a 'top-down' organization, with a tall hierarchy and many departments. This might be very difficult to change, especially while TOT continues to be wholly-owned by the Thai government.

Another aspect should also be mentioned. Benchmarking may not necessarily be practiced over the whole organization. As shown in this study, for example, it is only initially applied in two small divisions in the TOT organization. This may be extended but this is not necessarily the case.

The concept of the learning organization, however, is an 'organization-wide' or 'system-wide' concept (Brown and Harvey, 2006, p. 404).

Nevertheless, as indicated earlier, internal benchmarking may be regarded as a 'driving mechanism' towards an organization's movement towards becoming a learning organization.

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