This article seeks to explore the specifics of benchmarking tools application to enhance the performance of small and medium-sized enterprises. The study offers insights into the nature of benchmarking in the context of its application specifics for small and medium businesses. Based on consolidation of theoretical approaches and specific application patterns, an author’s original interpretation of benchmarking for small and medium-sized enterprises has been suggested. The key barriers to effective implementation of benchmarking in the SME sector have been identified. The findings have revealed that the major barrier for small and medium-sized companies within the benchmarking process is limited resources and a threat of information hiding. It is argued that the use of benchmarking methodology contributes to boosting competitiveness and economic efficiency of business entities as well as becomes a powerful driver of cross-sectoral cooperation and partnership and promotes further advanced business interaction practices. It is concluded that the current dynamism in the marketplace and the external environment challenges businesses, especially SMEs, to continuous monitoring and prompt adaptation to changes in the business settings. Implementation of best practices in the area of business processes and their key performance indicators will significantly reduce the adaptation period as well as enables small and medium businesses be on a par with large enterprises that have extensive financial resources to develop, test and implement new technologies of doing business.

Keywords: benchmarking; small and medium business; efficiency.
Особенности применения инструментария бенчмаркинга на предприятиях малого и среднего бизнеса

Статья посвящена обоснованию особенностей применения инструментария бенчмаркинга для повышения эффективности деятельности предприятий малого и среднего бизнеса. Исследована сущность бенчмаркинга в разрезе специфики его применения предприятиями малого и среднего бизнеса. На основе обобщения теоретических подходов и особенностей применения предоставлено собственное определение бенчмаркинга для малых и средних предприятий. Проанализированы основные препятствия для успешного применения инструментария бенчмаркинга малыми и средними предприятиями. Выявлено, что основным барьером для малых и средних компаний при проведении бенчмаркинга является ограниченность ресурсов и склонность к сокрытию информации. Установлено, что применение бенчмаркинговой методики способствует не только повышению конкурентоспособности и эффективности деятельности субъектов хозяйствования, но и становится мощным драйвером межотраслевого сотрудничества и партнерства, поднимает экономические отношения на более высокий, с точки зрения бизнес-взаимодействия, уровень. Сделан вывод о том, что динамичность рыночных отношений и внешнего окружения требуют от предприятий, особенно малых и средних, постоянного мониторинга и быстрой адаптации к изменениям в бизнес-среде. Имплементация лучшего опыта по ключевым показателям бизнес-процессов помогает предприятиям малого и среднего бизнеса значительно сократить адаптационный период и действовать наравне с крупными предприятиями, которые обладают большими финансовыми возможностями для разработки, апробации и применения новых технологий ведения бизнеса.

Ключевые слова: бенчмаркинг; малый и средний бизнес; эффективность.

**Formulation of the problem.** Recently, benchmarking has become a common method of improving business and effective management technology. In Ukraine, the use of benchmarking is mostly perceived primarily as a benchmark, competitor analysis or basic marketing research, which largely negates the existing potential of this technology, as the main purpose of benchmarking is to implement the best leadership style and management methods.

The application of benchmarking techniques not only helps to increase the competitiveness and efficiency of economic entities, but also becomes a powerful driver of intersectoral cooperation and partnership, which brings economic relations to a higher level in terms of business interaction. In addition, the dynamism of market relations and the external environment require enterprises, especially small and medium-sized ones, to constantly monitor and quickly adapt to changes in the business environment. Implementing best practices in key indicators and business processes provides an opportunity for small and medium-sized businesses to significantly reduce adaptation time and operate on a par with large enterprises that have greater financial capacity to develop, test and apply new business technologies.

**Literature review.** The theoretical and methodological basis of the concept of benchmarking as a tool to improve management efficiency is quite developed. The works of R. Kemp [1] and R. Ryder [2] represent both theoretical and practical aspects of this issue.
Among domestic scientists who paid attention to the use of benchmarking tools to improve the efficiency of enterprises should be noted the work of P. Pererva [3] and V. Scherbak [4], who consider the basic principles of benchmarking as a potential opportunity to form a strategic marketing policy of the enterprise and offer new conceptual approaches such as competitive synergetic benchmarking and competitive integration benchmarking, respectively, focusing on the possibility of obtaining synergistic and integration effects from benchmarking. Works by A. Goncharuk [5] and A. Krysovaty [7] are devoted to the application of benchmarking tools in regional development, which once again emphasizes the existence of great potential for the application of this technology. However, despite the large amount of scientific substantiation, the use of benchmarking tools in small and medium-sized businesses remains not fully considered.

**The aim of the study.** The purpose of the article is to substantiate the peculiarities of the application of benchmarking tools to increase the efficiency of small and medium enterprises.

**Results of the research.** According to the definition of the economic dictionary, benchmark is a continuous process of finding new ideas and their further use in practice in order to compare key performance indicators of an organization with indicators of competitors, partners and study and apply their successful experience at different levels of management [8]. Benchmarking, as a management tool, is primarily the prerogative of big business, because it is large enterprises that have the financial capacity to focus efforts on developing new management methods in search of competitive advantage. Any marketing research and innovative management technologies require financial investment and some time for implementation and testing, which is not always possible for small and medium business players.

It is fair to assume that the approaches used in large enterprises are not always acceptable for small and medium-sized businesses. Indeed, improving the quality of business through the introduction of modern management methods – general management based on quality, a balanced scorecard, a system of deployment of company plans – is accompanied for small businesses by the applicability of solutions that effectively use large enterprises.

Obviously, the analysis of benchmarking opportunities for small and medium-sized businesses should be conducted through the prism of the characteristics of enterprises – representatives of this market sector.

Given the specifics of small and medium enterprises, benchmarking can be considered as a process of comparing the product (service) and business processes of small and medium enterprises with products (services) and business processes of the reference enterprise, in order to gain better experience in various fields and its adaptation to gain a competitive advantage in the market.

The existence of a large number of types of benchmarking complicates the procedure of its application in the activities of small and medium enterprises. It should be noted that the most widespread in its application among small and medium-sized businesses is a strategic and process type of benchmarking.

Strategic benchmarking can be carried out during strategic planning in order to learn best practices in the context of formulating the mission, goals, objectives for the future. Experience of better achievement of the set goals and alternative options for detailed analysis of the necessary information on short-term solutions will provide tactical benchmarking. Partners for strategic and tactical benchmarking for small and medium-sized businesses can be potential and actual partners, as well as any organizations that are recognized as leaders in certain areas of business that are of strategic interest to management.

Process benchmarking is a study of the processes of those organizations that have achieved the best results in the organization of the structure of the processes and in the means of their optimization. The peculiarity of this type is that the basis of comparison can be companies from other fields.
The implementation of functional benchmarking is to compare certain functions of small and medium enterprises with similar parameters of large enterprises operating in the same conditions. In the role of unit parameters of the function comparison can be distinguished, for example, profitability, cost level, degree of risk. The group parameters of functional comparison include product quality management [10].

In our opinion, the use of easily measurable indicators by small and medium-sized enterprises in the reference comparison is dictated by the dynamics of the competitive environment in which small and medium-sized enterprises are located. Therefore, the object for reference comparison more often than others are indicators that correlate with the key factors of success in competition.

Consider the main obstacles that exist in the application of benchmarking tools by small and medium enterprises:

1. Small and medium enterprises, due to limited resources, do not seek to attract outside experts and use the services of consulting firms.
2. Specialists from large companies with knowledge and experience in applying modern management methods move to work in small firms with a low level of probability.
3. Membership in so-called benchmarking associations is quite expensive for small and medium-sized companies.
4. SME managers are, by definition, much closer to their customers, employees and competitors than their corporate counterparts. Most often, their attention is distracted between strategic and operational information. As an advantage here we can mention the possibility of constant monitoring of daily performance. However, this state of managers of small companies does not always allow to have an objective idea of the organization's activities in strategic terms.
5. To achieve the desired effect of the benchmark, the measured indicators must be flexible enough to reflect the various features of small business.

However, the most important problem of benchmarking for small and medium enterprises is the choice of a set of numerical indicators for its evaluation.

Among the approaches used to quantify, the following are distinguished: statistical method of evaluation; method of expert assessments; use of analogies; combined method; rating method.

The statistical method of estimating the internal benchmarking system is based on the analysis of fluctuations of the studied indicator for a certain period of time. It should be noted that the reliability of this method is limited by the reliability of the information. The method of expert assessments, in contrast to statistical, can be used in conditions of scarcity and even complete lack of information. This is its significant advantage over other methods. The analogy method is used when other risk assessment methods are unacceptable. When using analogues, databases and knowledge about the risk of similar objects (projects) or agreements are used. The data thus obtained are used to identify dependencies. Combined method – a combination of several separate methods or other separate elements of the internal benchmarking system [9].

One of the most accessible modern methods of evaluating the benchmarking system for small and medium enterprises is the method of economic evaluation. The financial condition of the company is a complex concept, which is characterized by a system of absolute and relative indicators that reflect the availability, location and use of financial resources. The analysis of economic indicators makes it possible to assess the financial stability of the analyzed business unit, which in turn is a criterion for assessing its profitability. Today, in the analysis of business entities, it is customary to apply the normative valuation method based on the use of different valuation factors.

This method of relative evaluation of the benchmarking system is quite convenient due to the simplicity of calculations and is successfully used in many areas, in particular. In addition, this
A methodological approach is used both to analyze the activities of specific units of the enterprise and to assess the system as a whole. The normative method of analysis assumes the existence of a system of standards for assessing the values of the obtained indicators. The positive feature of this method is that the system of standards can be selected according to the objectives of the analysis.

The method of rating assessment assumes the presence of the following elements: the system of evaluation coefficients, as well as, if necessary, the scale of the specific weight of these coefficients; scales for evaluating the values of the obtained indicators; methods of calculating the final rating.

Rating for benchmarking of small and medium enterprises is used to determine the position of the enterprise among other related in scope or scale of activity. The sequence of stages of the rating process involves:

Stage 1. Selection of enterprises for ranking.
Stage 2. Substantiation of the system of indicators of evaluation of the benchmarking system, according to which the ranking will be carried out. The indicator is included (or not included) by the expert in the variant of rating indicators.
Stage 3. Expert assessment of the significance of each of the indicators, which consists in determining the importance (specific weight) of each of the selected indicators of the enterprise under analysis.
Stage 4. Calculation of weighted ratings taking into account the significance of indicators.
Stage 5. Formation of the reference enterprise.
Stage 6. Standardization of input indicators of the matrix relative to the corresponding indicator of the reference enterprise.
Stage 7. Selection of the rating method for benchmarking and calculation of the integrated rating.
Stage 8. Ranking of enterprises.

Thus, the peculiarity of benchmarking of small and medium-sized businesses is the comparison of methods of expert and rating assessments, as well as obtaining as a result of a reference comparison of the most accurate information on the effectiveness of structural units of enterprises.

Conclusions and suggestions. Thus, the study showed that the potential of benchmarking in small and medium-sized businesses can be effectively realized by taking advantage of small companies: closeness to the consumer, a stronger role of leader and flexibility of the organization. The main barrier for small and medium-sized companies in benchmarking is the limited resources and the tendency to hide information. In this regard, comparative benchmarking of financial indicators or simple competitive analysis is more popular among small business managers. The choice of financial indicators as an object of comparison is dictated by the intensity and dynamism of the competitive environment in small and medium-sized businesses. Another feature of small and medium-sized businesses – a closer, unlike large business, the relationship with the consumer, which determines the choice as objects of benchmarking indicators that reflect the key factors of success of the organization: customer satisfaction and price. The potential of the reference comparison can be realized through the comparison of methods of expert and rating assessments, as well as obtaining as a result of the reference comparison the most accurate information on the effectiveness of structural units of small and medium enterprises.

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