

BENCHMARKING IN INCREASING THE ECONOMIC EFFICIENCY OF INDUSTRIAL ENTERPRISES

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ABSTRACT

The article demonstrates the application of the given system to describe benchmarking of different economic companies. It was verified that even today, it is difficult and often impossible to predict the future development of enterprises, benchmarking is a very effective tool of company economic management.

KEYWORDS: *Company Economic, Benchmarking, Enterprises, Economic Efficiency.*

INTRODUCTION

Resolution of the president "On approval of strategy for management and reform of enterprises state participation in 2021 - 2025" to increase their effectiveness in fulfilling goals and objectives. The goal of the strategy is to reform the management system of state-owned enterprises, improve and commercialize their activities in a competitive market environment, and increase their efficiency in fulfilling the goals and objectives set by the state for each enterprise [1].

Production efficiency of industrial enterprises is characterized by the ratio of economic activity, economic programs and activities at the enterprise level to the cost of production, the factors of production that led to the achievement of maximum output using resources of a certain value. Production efficiency is the end result of an enterprise. Quantitatively, production efficiency can be measured by the amount of labor expended to produce a product, but it is more difficult to accurately measure labor costs. Therefore, production efficiency is the efficiency of the use of labor resources; is determined by the efficiency of the use of means of production and capital. A generalized indicator of production efficiency in enterprises is the growth of commodity production, in addition to the volume of output per unit of monetary expenditure, the ratio of balance sheet profit to the sum of fixed and working capital, total cost indicators are important. Indicators such as labor productivity growth rates, labor savings, and the contribution of labor productivity to output growth are also used. Production efficiency is formed at the expense of technical efficiency (production volume), economic efficiency (labor productivity, labor resources, fixed assets, working resources), social efficiency (material resources, profit). The purpose of calculating production efficiency is to determine what efficiency has been achieved and what other factors can be used to increase it.

The purpose of any industrial enterprise is to produce certain products (works, services) of a certain volume and quality in a certain period of time. However, in determining the scale of production should be taken into account not only the national economic and individual needs for a particular product, but also the achievement of its maximum level of efficiency. Therefore, the quality of the work of an industrial enterprise should be evaluated, first of all, by determining the cost-effectiveness of the product.

Economic theory categorizes efficiency as the efficiency of a production process, a production system, or a particular form of business. In its most general form, the economic efficiency of production is a quantitative ratio of two values - the results of economic activity and the cost of production. Historically, regardless of the form of ownership, the producer is interested in the relationship between all production methods and the costs and results of its activities.

Economic efficiency is ultimately expressed in increasing labor productivity. Consequently, the level of labor productivity is a measure of the economic efficiency of production. The higher the labor productivity and, consequently, the lower the cost of production, the higher the cost-effectiveness of labor costs. According to V.V. Kafidov, economic efficiency is the ratio between the results of economic activity and the cost of living and materialized labor and resources. Economic efficiency depends on the economic efficiency as well as the costs and resources that cause this impact. Thus, economic efficiency is the relative value obtained by comparing this effect with costs and resources. According to N.L.Zeytsev, the efficiency of production characterizes its efficiency, which is reflected in the growth of the welfare of the country's population. Therefore, production efficiency can be defined as the optimal use of resources in relation to the needs of society [2].

Benchmarking is a method of comparative analysis in order to apply the obtained data in practice to improve the efficiency and quality of the company's activities. The main purpose of benchmarking in industrial enterprises is to determine the probability of success of a particular activity.

To fully shed light on this concept, it is worthwhile to take a closer look at the main functions of benchmarking:

- Determining how competitive the company is, what its weaknesses are;
- Determine what changes need to be made;
- Develop a plan to improve the company's operations;
- Development of new approaches to doing business;
- Set long-term goals that are more global than they are now.

Today, benchmarking allows organizations to quickly improve performance at minimal cost. By understanding how industry-leading businesses work, you can reach the same heights and possibly outperform your direct competitors. By carefully studying the successes and failures of others, an entrepreneur can formulate his or her own action strategy that is most effective for industrial enterprises.

Benchmarking has many benefits for enterprises. Due to comparison with competitors, enterprise may find strategic market opportunities, which allow them to increase quality of its products.

That leads to meet better customer needs and wishes. The company can identify the operations that should be improved and also detect strengths and weaknesses. Defining the strengths and weaknesses can be a springboard to set up a new business strategy for many companies. It initiates the process of improvement by setting more ambitious goals. As a result of learning from the best companies in the branch, benchmarking provides the way to improve operations and processes in the organization, higher customer satisfaction, cost savings and more effective work of managers and employees. It improves decision- -making (based on better information). The benchmarking results, in its correct interpretation, lead the company to eliminate unnecessary business activities and focus on priorities. Benchmarking in consequence helps to increase business competitiveness.

TABLE 1: APPLICATION OF BENCHMARKING PROCESS

Strategic planning	Defining short nad long term goals
Anticipation	Anticipation of upcoming business trends
New ideas	Functional learning and thinking
Comparison of products and processes	Comparison with competitors or organizations with best practices
Defining objectives	Defining business objectives based on the best organization

To date, many interpretations of the benchmarking concept have been collected. While some see this as a product of the consistent development of the concept of competitiveness, others say that benchmarking is a mobile quality improvement algorithm, while others see it as an exotic innovation as a result of Japanese business practices. However, everyone agrees or more or less agrees with the definition that comparison is the process of finding, identifying, and learning the best known management and business practices. There are two basic approaches to benchmarking: power and process benchmarking. At the beginning benchmarking was focused on the comparison of activities or processes mainly – i.e. the process benchmarking. Contrariwise power benchmarking, which was developed later, directly compares the results of organizations. Both types of benchmarking are very closely related. Comparison of results is important to identify activities that need improvement, and vice versa comparing activities and processes leads to improve business processes and contribute to improve the results [3].

Power benchmarking is based on data. It focuses on relative production rate by using the selected set of criteria. Basically it solves by the question of what results (such as performance, how many units of measure) the company achieve. Mainly there are parameters related to quality (including technical parameters) and productivity (production cost, price). This type of benchmarking is often carried out as a consortium (the study is performed by more organizations), with the participation of third parties - consultants. The great advantage of this type of benchmarking is that the enterprise does not have to find partners or other sources of information for comparison. In comparison with process benchmarking this type is relatively quick and unpretentious for personnel and financial resources.

Literature suggests other types of benchmarking. For example, operational benchmarking, which focuses on a specific aspect, such as IT systems or strategic benchmarking, which compare strategies and general approaches of its enterprise with the best enterprises in the branch. In practice, it may used with several types of benchmarking at same time. The benchmarking

process may appear as follows: at first the power benchmarking is applied, next the process benchmarking is applied and ultimately strategies are compared.

In conclusion, benchmarking allows us to determine why a competing company has achieved significant success in its field of activity, and what actions have led to a positive result. An analysis of only one of these indicators will not give a complete picture of the company's performance. Comparisons are needed for similar performance in similar areas of activity. The benefit of benchmarking is that production processes, If the best practices, methods and technologies of the most successful enterprises or industries are analyzed and implemented in their organization, sales operations and marketing functions will be the most manageable. This could be the beginning of a new phase in the development of a profitable business, with high resource savings, healthy competition and maximum satisfaction of customer needs.

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