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## **Rationale for the Use of Benchmarking in Territorial Development**

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***Abstract:***

*The article reveals the research of the importance of such effective marketing tool as benchmarking increasing the competitiveness of economic systems.*

*An algorithm is being developed for applying benchmarking technology to the specifics of the development and implementation of the strategy and tactics of regional development.*

*It is determined that the implementation of benchmarking technology in the territorial development in the context of modern Russian reality is prioritized in choosing a set of competitive advantages that the latter can have in the long term.*

***Keywords:*** *Benchmarking, territorial development, an algorithm, benchmarking stages.*

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## **1. Introduction**

Benchmarking is economic technology in demand in a complex of marketing solutions, which is an instrumental market mechanism, an administrative solution in the practice of enterprises of strategic sectors of the national economic complex. The experience of implementing this scientific and technological tool is based on the examples presented in the world practice that are applicable with a certain degree of adaptation to national conditions, contribute to minimizing risks in the implementation of specific projects. It is noteworthy that benchmarking aimed at improving the competitiveness of the economy as a whole in the state and commercial world market practice is implemented with the goal of improving the organizational and managerial functional solutions of both public and commercial organizations, focusing on the possibility of adapting standard options for the effective functioning of economic systems.

It is feasible for representatives of the territories responsible for certain areas of their development to receive, transfer and implement the successful experience of other participants at the level of information exchange during specialized exhibitions, forums, economic fairs, which will contribute to the growth of competitiveness of various market actors. At present, the regions compete with each other with the purpose of getting access to investment resources, attracting tourists, best specialists, conducting events, improving a business climate and business activity.

In this regard, it is important for regions to make full use of their own internal resources; assess and maintain the satisfaction of their own population; create comfortable conditions of living and development, respectively, for the population and domestic business. The attraction of external players and external resources is no less important; assessment of successful models and technologies for constructing effective development of the territory by the example of other regions that have succeeded in a number of market transformations and innovative initiatives for intensifying the implementation of the research marketing component of disclosing their own potential.

## **2. The role and stages of benchmarking in the development of the territory**

When planning the development of a territory and building an appropriate strategy for it, such marketing technology as benchmarking becomes demanding and can reduce the time lag necessary to achieve the region's competitive position due to adaptive implementation of best practices. In this regard, interest is taken both in internal benchmarking, when managers conduct systematic comparisons within the territory among the structures engaged in performing similar economic tasks; and external benchmarking, when such systematic comparisons are subjected to processes, projects, activities, performance of functional duties, and so on, realized in other territories.

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In this case, the marketing technology of benchmarking is intended “to show the breadth of opportunities” and, at the same time, “to narrow the time losses”. The task is to search, comprehend, transfer and adapt to the regional specifics of the most high-priority (in terms of the set goal of territorial development) and viable algorithms for implementing projects in selected areas of activity. It is important to realize that benchmarking in this case is not an imitation, a “blind copying” or simply an imitation of a leading player; it is an instrument for gaining competitive advantages, implementing organizational, process, marketing innovations based on creative adaptation and interpretation of best examples (Maslov, 2006).

It should be noted that the theoretical and methodological tool of modern benchmarking formed to support commercial structures, adapting to the needs of the time for state needs at the municipal, regional and federal levels. When using benchmarking in regional development, it should be understood that the situation is complicated in this case by the nature of the competitive field, which is much wider for the territory than the competitive field of a particular enterprise.

Possessing an innovation of technical and technological or other intellectual level, the economic entity does not seek to transfer it to others by strategic achievements of successful territorial development, which requires the search for compromises in mutual relations and finding mutual interest in conducting benchmarking studies. It can be assumed that in the public sector, the movement of information flows is conditionally simplified among enterprises and organizations of departmental significance, municipal entities that are particularly functioning at the same level, which makes the procedure of benchmarking more realistic for them.

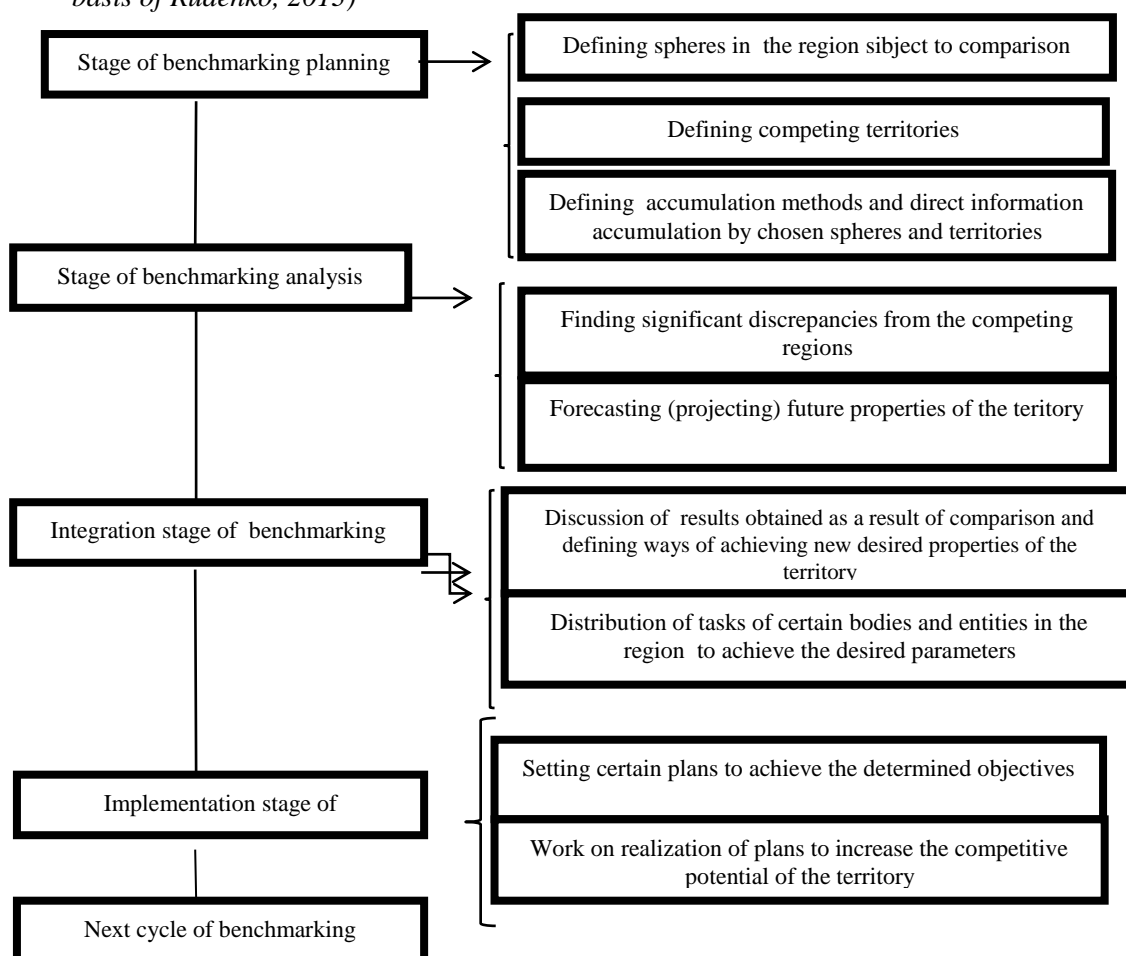
The territorial management system, like the superstructure of the structural and functional management system, is interested in the sustainable development of each economic entity, while the interaction between enterprises of the economic complex of the country and regions is not always stable.

Information and statistical exchange between territories should be strengthened and enhanced, and create conditions for greater openness and free access to information for evaluation and monitoring of the compared indicators and rates of regional development involved in systematic comparisons. As a consequence, these methods will simplify the implementation and realization of successful projects at territorial entities involved in the process of benchmarking. Complexity with respect to regions in the process of the implementation of benchmarking strategies, as well as in other market methods, can manifest itself in the identification of key performance indicators and indicators that determine the opportunities for economic growth (Kazakov, 2011). There are processes that greatly simplify benchmarking along with complex theoretical and methodological developments, for example within the framework of regional entities, which undoubtedly facilitates the implementation of benchmarking technologies in socio-economic systems. This significantly minimizes

the manifestation of risk factors and indicates areas in which management impacts are most effective and timely.

In this case, monitoring is conducted as a centralized and substantially unified collection and processing of data on the functioning of economic entities. Here, the method of economic controlling can be applied, according to the system of balanced indicators. Monitoring makes the possibility of communication of different entities of the same or similar level by market coverage much easier, which allows implementing the most effective economic solutions.

**Figure 1.** Main stages of benchmarking in territorial development (Compiled on the basis of Rudenko, 2013)



With reference to the procedure of benchmarking, it is feasible to give the main stages of its implementation (possible both during benchmarking of the company and during benchmarking of the territory) Figure 1.

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It should also be noted that characterizing benchmarking in terms of territorial development based on the principles of marketing, such variety as functional benchmarking is identified. Within its framework, the region or regions are determined — the obvious leaders in the selected positions (which are the subject of interest of the territories — the initiator of the comparisons) and the possible strategic actions needed to be taken in order to obtain the desired results are defined, taking into account the adaptation of the developments of the leading territories in the context of their own region's governance. In this situation, the main indicators of the the region's socio-economic situation can be subjected to monitoring to form a priority strategy.

### **3. Discussion**

Researchers give different interpretations and characteristics of benchmarking in relation to the development of territories. Ivashchenko (2006), characterizing the benchmarking of the territories, proposes to identify strategic benchmarking in terms of the content target of benchmarking in the regions, within the framework of which a set of marketing studies that determine the principal positions of changes in the management of the region and on the basis of successfully adopted long-term development strategies for other territorial entities.

In this context, strategic benchmarking implies the change of the regional development priorities as a result of comparisons, for example, the entire strategy of development of the territory including the industrial sector is built around the tourism component (and the industry acquires such direction as an industrial tourism industry and aims to attract tourists). The tangible results from conducting such benchmarking are manifested in the long term and should not be subject to changes in the short term, which neutralizes the positive changes from their implementation (Ivashchenko, 2006). Regions that realize strategic benchmarking want to intensify their participation in global national and international projects, attract long-term investments, strengthen the R&D sector, expand their own opportunities in creating innovations, and strengthen their competitive position in the future.

Ponomaryova (2017) in contrast, focuses on the key components of such marketing tool as operating (operational) benchmarking in regional development. Within the framework of this process (operational benchmarking) in the region, certain areas are subject to systematic comparison, for example, creating a comfortable urban environment, transport provision, creating an accessible environment for people with disabilities, developing the communication and information infrastructure, and the investment climate. When conducting functional benchmarking in the strategic comparison or its operative option, the focus on innovative development of the territory and the continuity of the comparisons conducted, as well as improvements according to the results of the comparison obtained, remains a significant and invariable characteristic of this process (Ponomaryova, 2017).

The implementation of marketing procedures in the increased effectiveness of territorial development in the form of presented options for benchmarking will be successful if it is possible to adapt to the existing structure of regional management, taking into account existing priorities and potential opportunities that can give new results in the new realities by means of the intensification of the innovation process.

As a number of authors note (Rodionova and Uljankin, 2013) the success of benchmarking in the territorial development will be possible in case of the presence of marketing thinking and the readiness of the management module to use the “advantages” of the innovations being introduced. According to Harrington (2010), in case of the refraction of its practical views on the level of territorial development, it is possible to note the following aspects in the possible formation of marketing thinking of managers and management of various industries and spheres in the region, which will expand the opportunities for finding the territory of the desired competitive advantages in the long term.

It should be noted that, with regard to modern Russian conditions, marketing as a managerial technology for adapting to functioning in regional development is not fully represented, which is noted in a number of scientific works and, accordingly, is valid for the application of benchmarking technologies (Fedotov, 2016). At the same time, the role of marketing and its technologies focused on strategic and operational development is significant, as it allows to make a positive correction of the social and economic situation of the territory and build scientifically based scenarios of long-term functioning in a competitive environment. This circumstance, in particular, is rightly noted by such authors as Kotler and Keller (2009), emphasizing its role in the intensification of investment processes in the regions.

Many researchers have explored the possibilities of regional development based on the principles of marketing, and the issues of using the benchmarking technology are becoming of great importance, since they allow not taking into account geographical features, “seeing beyond the horizon” and finding bold innovative solutions that promote the competitiveness of the territory. So, for example, Kolodin (2011) and Novikov (2014) investigated the traditional aspects of the territories’ competitiveness based on infrastructure provision, the availability of attractive tourist resources. A number of other researchers focused on the opportunities of benchmarking in the intensification of territorial development (Fedotov, 2016). Such researcher as E. Buchwald emphasizes the key importance of benchmarking for planning the territorial development of Russian regions, believes that this marketing technology will increase the overall level of regional governance and “global chances” of the national economic system (Buchwald, 2015).

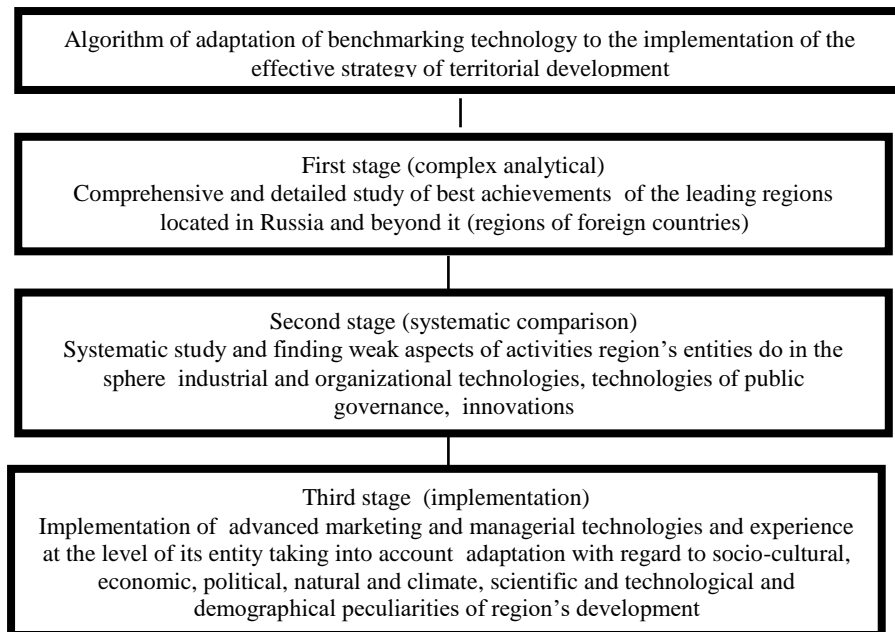
Other researchers assign the primary role to benchmarking in the allocation of strategic priorities for the territorial development of the Russian regions due to the possibility of activating the processes of innovation exchange, technological transfer

and, possibly, the exchange of human resources necessary for the effective functioning of regional economic systems (Burak, 2014).

#### 4. Construction of the algorithm of benchmarking technology adaptation to the conditions of regional development

There are various approaches related to trying to justify the adaptation options for benchmarking technologies to the needs of successful development of the territory. For example, such Russian researcher as A. Fedotov offers a three-stage algorithm for adapting benchmarking technology to the conditions of effective regional development (Fedotov, 2016) (Figure 2).

*Figure 2. Algorithm of adaptation of benchmarking technology to the implementation of the effective strategy of territorial development (Fedotov, 2016)*



We agree with the researcher emphasizing the leading role of such marketing technology as benchmarking in modern Russian conditions on planning and implementation of territorial development. However, we believe that the algorithm for applying benchmarking technology in relation to the specifics of the development and implementation of the strategy and tactics of regional development can be refined and supplemented by additional detailed elaboration of the processes forming it (Figure 3).

**Figure 3.** Refined algorithm of implementation of benchmarking technology related to the specifics of elaboration and implementation of the strategy and tactics of regional development (Fedotov, 2016)



## 5. Conclusion

Summarizing the above, let us note that the implementation of benchmarking technology in the territorial development in the context of modern Russian reality is a priority in choosing a set of competitive advantages that the latter can have in the long term. No less important issue is Determining the place of benchmarking in the complex of marketing research and its role in making the economic path of business activity in the region.



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