

Methodological basis of evaluation of efficiency and productivity in service enterprises

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ABSTRACT

In this article, the essence of efficiency in service enterprises, its socio-economic content, the system of indicators that represent it, the principle of calculating productivity and efficiency indicators, the approach of resource consumption and goal orientation in calculating efficiency, and their interdependence are researched.

Keywords:

Service delivery, efficiency, resource-expenditure approach, goal-oriented approach, productivity, socio-economic indicators

Introduction

In the second half of the 20th century, at the beginning of the 21st century, the only significant phenomenon in the economic system is the development of the service sector in developed and developing countries and the expansion of the number of employees in this sector. Currently, the share of employees in the service sector of developed countries exceeds 70 percent, and its share in the gross domestic product is around 80 percent [10].

According to its nature and content, the service sector includes various forms and directions of human activity, which are related to the creation of conditions for the development of human capital, which are related to ensuring the quality of modern life, and ensuring the transition of the division of labor to a relatively high level.

The development trend of modern society is mainly characterized by the transition from raw material and industrial economy to service economy. In this, the main focus is on the development of modern networks with a large capacity of science and information technology in the use of intellectual resources. Such a situation in the development of society

requires a wider development of the service sector compared to other sectors of the economy.

The formation and development of the service economy has an impact on the changes in the composition of the gross domestic product of the countries based on the developed market economy. Currently, the contribution of the service sector in the structure of the gross domestic product, which is created to include a certain country among the developed countries, is higher than 65 percent. At the current stage of the economic development of our country, the number and quality of services are increasing. This makes it necessary to determine the directions of effective use of labor resources in the service sector and increase labor efficiency.

Literature review

In the scientific literature, the nature, content, methods of calculating labor efficiency and productivity in the service economy, development of the service sector and improvement of the quality of services provided to the population, evaluation of the efficiency of economic entities, some aspects of

the change of the qualitative conditions that constitute efficiency are scientifically, theoretically and methodologically researched. Russian scientist A.A. Tkachenko [14, p. 200-215] in his work researches the directions of expanding jobs in the service sector and effective use of labor resources, creating new jobs in the sector, giving tax incentives to employers who create jobs, and improving labor efficiency.

Russian scientist Erofeeva A.P. [8, 141 p.] in his work researched the development and introduction of the personnel management system in service enterprises, the foreign experience of the personnel management system in the field, the methods of researching the personnel management system, and the processes of modernization of the personnel management system in service enterprises.

Academician K.Kh.Abdurahmanov in his textbook Labor economy: theory and practice [1, 426-446 p.] the essence, content, formation of labor resources, interdependence of labor resources and human resources, labor efficiency and its factors, factors of increasing labor productivity and tools, concepts of the highest labor productivity, decent work concept of ILO, problems of mobility of labor resources are highlighted.

In the study guide written under the editorship of M.Q.Pardaev [12, 133 p.], the problems of development of the service, service and tourism sectors, the formation of labor resources in the service sector and the effectiveness of their use, the factors and directions of increasing labor productivity in the field are researched. Also, the social, economic and institutional foundations of the development of the service and tourism sectors have been scientifically researched.

Research Methodology

Dialectical and systematic approach to the study of economic systems and ratios, comprehensive evaluation, comparative and comparative analysis, statistical and dynamic approach and grouping methods were used in the research process.

Economic efficiency reflects the results of the activities of economic operators, and social

efficiency reflects the social efficiency of economic entities and its impact on various aspects of society. In this case, social and economic efficiency were found to be interrelated to a certain extent. Also, indicators determining economic efficiency in the service economy were classified, and the method of evaluating labor efficiency was researched based on the resource-expenditure approach and the goal-directed approach.

Analysis and results

In the current period, the socio-economic development of the countries of the world differs sharply from the previous stages in terms of its meaning and content. A new interpretation of economic growth requires modern, conceptual approaches in world economics. In particular, effective activity in the service economy has been researched somewhat more widely than industrial activity, which is explained by the fact that primarily socially oriented activity is aimed at ensuring the standard and quality of life of the population in society.

In our opinion, the following can be distinguished in the context of effective activity, which is characterized by the decision of the service economy:

1. Business entities in the service economy first of all focus on increasing efficiency, that is, on satisfying the private (special)
2. The concept of utility in the service economy is the same as the nature of the use of goods, and it determines how much the system of material products and services has improved. In the industrial economy, only the material side of the product is taken into account.
3. In the service economy, the ability to constantly control and determine the attitude of the producer to satisfy the maximum needs of the consumer on the basis of quality is understood. In the industrial economy, quality is understood only as the ability of the operator to "do his job well".
4. The management system is also changing in the service economy. Its main characteristics are flexibility, quick decision-making, organizational aspect, free movement and transparency, while in industrial economy,

management has a "mechanical" nature, that is, it is determined by the stepwise and excessive regulation of structures.

5. In the service economy, the main focus is on the efficiency of the formation of the service system, while in the industrial economy, the main focus is on the transformation of raw materials into finished products.

It can be concluded from the above that effective activity in the service economy is fundamentally different from effective activity in the traditional (industrial) economy, and it is more socially oriented.

Therefore, the development of the service economy in countries based on a developed market economy leads to a new understanding of social and economic development. In particular, not only the rate of quantitative growth, but also social indicators, quality of life indicators are gaining the main importance in

it. In such conditions, effective activity means meeting the needs of society members, primarily socially oriented goals. In the industrial economy, more quantitative, economic and priority goals are envisaged.

Taking into account the above-mentioned characteristics of the service economy, its main aspects that differ from the industrial economy are included in Table 1 below.

In general, by reviewing the theoretical foundations of the service economy, it should be noted that the changes in economic conditions in developed market economy countries require a wider organization of the effective activity category. A new approach to the category of efficiency is becoming more and more popular in foreign economic science. In this approach, it is emphasized that the content of effective activities can be achieved qualitatively rather than purely quantitatively.

Table 1.

The main distinguishing features of industrial and service economy¹

Main parameters	Types of economy	
	Industrial economy	Service economy
A leading branch of the economy	Industry	Service
The main resource of production	Capital	Knowledge and information
The content of economic growth	Quantitative (measured by quantitative indicators of mass production)	Quality, social orientation (measured by the quality of life indicator)
Effective course of action	The ability to produce maximum popular products at the expense of minimum costs	An opportunity to improve the quality of life in society, to meet the needs of social goals to the maximum extent

At the same time, summarizing the opinions of the science of world economy, it can be noted that the effective activity of economic entities means the totality of economic and political indicators. Therefore, a generalizing concept - social and economic concept is suitable for it. This concept reflects the two-fold view of efficiency, i.e. quantitative and qualitative aspects (Figure 1).

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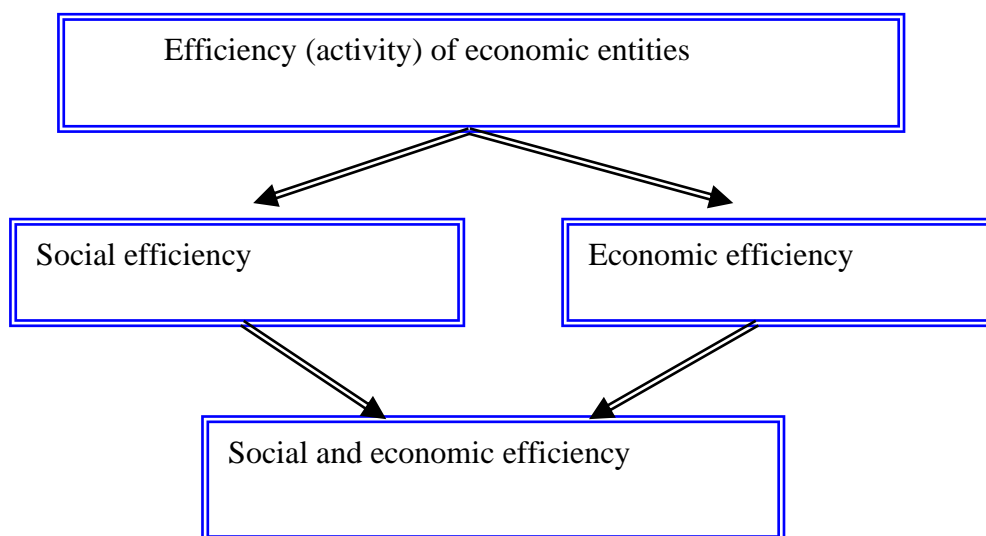


Figure 1. Efficiency of business entities

Economic efficiency reflects the results of the activities of economic operators, and social efficiency reflects the social efficiency of economic entities and its impact on various aspects of society. In this case, social and economic efficiency are interrelated to a certain extent. Achieving social efficiency is the improvement of people's social living conditions, which makes it possible to increase economic efficiency. As a result, it affects a person's ability to work and leads to an increase in his labor productivity. At the same time, a material basis is necessary for the implementation of social programs.

This material basis is achieved by increasing the economic efficiency of enterprises. Therefore, the new content of effective activity in the conditions of service economy can be expressed as follows: activity efficiency is not measured by the essence or content of the concept of efficiency, but is determined by the indicators that constitute social efficiency. These indicators have a wider meaning than indicators that determine economic efficiency. The change in the qualitative conditions that make up the efficiency creates the need to evaluate the efficiency of the business entities. Thus, according to the generally accepted view, social efficiency cannot be reduced to a precise quantitative measure. Thus, traditionally, efficiency can be reflected only in its economic nature, and it is difficult to measure its social

and socio-economic aspects with quantitative criteria. Such a point of view is widespread in economic sciences at the present time. At the same time, scientific research related to the solution of the problem of efficiency assessment in the conditions of service economy is becoming more relevant, and the demand for scientific research in this direction, in our opinion, is very high.

With the formation of the service economy in developed market economy countries, special attention is being paid to the research of the issues of evaluating the efficiency of the activity. We also want to focus on this issue in our research. For this, first of all, it is appropriate to pay attention to the concept of efficiency and its definition. Recognizing that the concept of "efficiency" is a complex concept, in the scientific literature (efficiency - English), the somewhat widespread phrase "efficiency" with several translational interpretations is used as efficiency, mobility, productivity, ability to move, operativeness [11, p. 233-234] can be explained with concepts.

Currently, many definitions of efficiency are given not only in economics, but also in other disciplines.

In economics, the concept of "efficiency" is interpreted in a broad and narrow sense.

In a broad sense, the concept of "Efficiency" is interpreted as the ability to effectively and adequately approach the environment [9, 350

p.], relative efficiency, operations and projects [2, 326 p.].

If we look at the above definition of determining the essence of "efficiency", we can see that it has several resources. Because this concept can be expressed through several criteria and features. Also, the category of efficiency is manifested as satisfaction of consumption, as appropriateness of production, as effective formation of enterprises and so on.

The concept of "efficiency" is an extremely broad concept, it reflects the ratio of the obtained results to the costs [2, 326 p.]. Optimization is the search for the best solutions for the purpose of achieving higher results in one or another field of labor activity and reducing costs per unit of these results.

The concept of "efficiency" in a concrete narrow sense is a complex classification of the result of potential and real activities, in which the main attention is paid to the results obtained by the activity.

In our opinion, the above definitions represent the following main aspects of the essence of "Efficiency": firstly, efficiency is a complex socio-economic category, which is defined on the basis of one or more criteria. Secondly, efficiency is a relative concept, which is always subordinated to the activity of specific goals. That is, performance evaluation describes the activities based on the main goals.

Thus, efficiency is a relative concept. When thinking about this concept, several cases are compared. For example, in economic theory, the level of well-being associated with some interest in the economy is compared.

The fact is that the welfare of society is the result of the direct summation of the interests of all members of society.

The fact that the task of increasing the efficiency of social production is low in term production for the economy makes it a vitally important task of its development. Through the analyzed literature, we can conclude that in the course of the development of economic sciences, significant quantitative approaches to the assessment of efficiency have been formed.

However, in our opinion, they all fall into two distinct approaches based on their common

features: resource-intensive and goal-oriented. We will consider their essence and content in detail.

In a more common resource-based approach, performance measurement is expressed through the use of performance indicators. It is worth saying that the dictionary meaning of the concept of "efficiency" means productivity, productivity. We can also cite opposite meanings. For example: S. E. Sarkisov defines productivity as "a measure of the efficiency of resources used to create a product" [13, 446 p.].

A. B. Borisov recognizes productivity as "an indicator of product production efficiency per unit of resources used" [7, 450 p.]. Therefore, we consider it necessary to define the concept of "productivity" in the further analysis.

The concept of "productivity" is usually defined as the productivity and efficiency of people's production activities. In the 70s of the 21st century, when the theory of extreme utility appeared, this concept began to be widely interpreted.

However, despite the passage of so much time, the concept of productivity is still defined in the old way. In particular, in the book "Big economical dictionary" productivity is defined as "products, services, semi-finished products produced by one unit of working equipment, department, etc. in a unit of time" [4, 216 p.].

At the same time, the analysis of labor productivity in modern economic theory is based on J.B. Say's theory of marginal productivity and D. Clark's theories of declining productivity.

The theory of marginal productivity states that all factors involved in the formation of income and value in society have the characteristic of productivity. According to Dj. Clark's theory, each factor of production has a certain marginal productivity, corresponding to it, each labor has a certain price.

In addition, performance indicators are used to evaluate the effectiveness of the resource-cost approach. But the concepts of productivity and efficiency are different categories according to their socio-economic content.

If the concept of productivity is related only to production activities, then efficiency is

determined by the result of these activities. The main reason for the correlation of productivity and efficiency within the resource-expenditure approach is that this approach began to emerge at the beginning of the 19th century, that is, in the conditions of the formation and development of the industrial economy. Of course, in this case, the resource approach implies the issue of evaluating the efficiency of the production of material goods based on mass standardization.

In this case, the main issue is "achieving high economic profit on the basis of minimum expenses" [15, p. 39-40]. Based on this point of view, we can emphasize that in the conditions of the industrial economy, material production was of primary importance. As a result, based on this approach, the main goal of any production is to maximize profit. It can also be noted that even at the beginning of the 20th century, obtaining high profit in exchange for costs is the main goal of effective activity, not only the primary goal of economic theory, but also the main goal of applied economics.

In particular, representatives of the classical school of management (F. Gaylar, G. Fort, A. Fayol, etc.) believe that management efficiency is the achievement of maximum results with expenditures. Therefore, productivity is the main criterion in the system of indicators used by company leaders and managers.

We can see the use of the resource-expenditure approach in the evaluation of efficiency in the marketing literature. The well-known marketer G. Assel understood marketing costs and results as marketing efficiency [5, 325 p.].

Thus, within the framework of the resource approach, productivity and efficiency are interpreted as the same indicator, but their essence as an economic category has different interpretations. At the same time, it should be noted that the interdependence of the concepts of productivity and efficiency creates certain problems. In particular, the same interpretation of the concepts of productivity and efficiency complicated the translation of foreign economic literature devoted to the application of these categories.

Second, the mixed interpretation of the two concepts made it difficult for western and

national economic sciences to draw a comprehensive conclusion on these tariffs. This situation caused the emergence of different opinions on the above categories in the science of national economy.

Based on the above considerations, we will consider different views and approaches on the nature of productivity and efficiency.

If the indicator of production efficiency is compared to the indicator of labor productivity, we will have a coefficient that shows the share of live labor costs in the total costs of production. The reduction of this share indicates the relative and absolute liberation of living labor from direct production [3, 397 p.].

Thus, efficiency and productivity from the point of view of resource consumption are studied as the same indicators in the organization. But as economic concepts they are different. Therefore, it is appropriate to focus on the system of performance indicators when evaluating the effectiveness of the resource approach.

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In the concept of productivity studied by economics, the system of productivity indicators is built on the basis of the theory of production factors. According to this theory, the main task of productivity is to achieve maximum results based on minimum costs. According to the general formula of productivity.

Productivity = product production / expenses, (1.1);

We can distinguish three different types of productivity when calculating the top rate: private productivity, total productivity, multi-factor productivity, and gross productivity of production factors.

Specific productivity is an indicator that describes a resource used as a factor of production in relation to the final result. This

indicator shows the efficiency of one factor of production.

Total productivity is an indicator that describes several resources as factors of production in relation to their final results

This indicator represents the efficiency of production factors.

Gross productivity is an indicator that classifies the ratio of all resources used as a factor of production to all final results, and represents gross activity efficiency.

It can be recognized that gross, total and private productivity are accepted indicators and can be used at all levels of production, that is, at the level of the sector, sector, region or individual enterprise.

In economic literature, in addition to the generally accepted classification mentioned above, several more classifications can be distinguished. For example, three types of classification of productivity indicators can be distinguished for the level of complete calculation of costs and results [6, 104 p.].

a) private (the ratio of one result to one expenditure);

b) generalized (ratio of one or more results to several expenses);

c) integral (full performance report);

Unlike the previous classification, this classification takes into account not only the amount of resources used in production, but also the possibilities of differentiation of production results

Table 2
The main indicators of productivity of production factors

Result Expenses	Production volume (in units)	Income (soum)	Profit (soum)	Added value (soums)
Expenses (soums)	Total productivity	Total factor productivity	Profitability (total useful productivity)	Value Added Productivity
From that only soums				
1. Labor costs (person)	Labor productivity	Labor productivity	Profitable labor productivity	Productivity as a function of workforce composition
Labor costs(soums)	Labor productivity	Labor productivity	Profitable labor productivity	Productivity Dependent on Workforce
Labor costs(hour)	Labor productivity	Labor productivity	Profitable labor productivity	Productivity as a function of working hours
2. Expenditure of fixed assets (soums)	Fund return	Fund return	Profitability of fixed assets	Basic financial capital productivity
Material costs (unit)	Material return	Material return	-	Productivity of current assets
Material costs (soums)	Material return	Material return	-	Productivity of current assets

1 Created by the author
The classification of three factors of production (labor, capital and materials) that takes into account the private productivity indicator in

the calculation of productivity is also valid (Table 2).

Currently, there are various productivity indicators, including labor productivity,

material return, fund return, profitability, and their calculation is carried out on the basis of a single principle based on the ratio of production results to expenses (based on formula 1.1). In this classification, productivity is expressed in terms of value and nature.

In our opinion, the disadvantages of the cost-resource approach in the context of the service economy are as follows:

1. The resource-consumption approach appeared in the conditions of industrial economy and it is oriented towards standard mass production. In the conditions of the service economy, providing the population with standard products has led to the priority development of the production of intangible individual benefits and services. This situation requires the matching of the resource-expenditure approach to the conditions of the service economy.

2. The main goal of efficiency from the point of view of the resource-consumption approach is to create maximum standard products at the expense of minimum costs, that is, it consists of economic (pure) goals. In the conditions of the service economy, the resource-expenditure approach to production efficiency changes radically, and the main focus in it is the socially oriented goal - the main goal of production efficiency.

In the context of the service economy, social efficiency is becoming more and more important. That point creates the objective need to evaluate it. The indicators used within the resource-expenditure approach are mainly aimed at comparing the achieved results. But comparing and calculating social efficiency in production costs is more complicated.

Thus, the use of the resource consumption approach in evaluating the effectiveness of various services in the service system is becoming limited. In the 20s of the 20th century, the "target orientation" approach was proposed in foreign economic theory, which allows to evaluate economic, social, and socio-economic efficiency. This approach was widely developed in the 70s of the 20th century (that is, in the conditions of the formation of the service economy), especially in the applied economy.

The use of this approach in the service sector may become more important. That is why it is appropriate to dwell on it. The "goal orientation" [10, 131 p.] approach is somewhat different from the resource approach in evaluating efficiency.

In the 20s of the 20th century, American economists analyzed productivity and efficiency as the same indicator and did not deny the goal-oriented approach, but suggested organizing production to achieve a predetermined goal with better use of resources. According to the goal-oriented approach, productivity is measured as a relationship between the performance of a process and the achievement of a target result. Another method of calculating efficiency is implemented as a ratio of the minimum necessary resources (required for the preparation of the intended product) to the amount of resources required for use [16, 324 p.]. The general formula for calculating the efficiency index based on the above tariff is as follows:

$$E = \frac{Et}{Ep}, \quad (1.2);$$

Here: Et – the result that should be given; Ep – target result

Within the goal-oriented approach, the following manifestations of efficiency can be distinguished:

– external efficiency, (efficiency from the point of view of using the external capabilities of the organization) its calculation is defined as the ratio of pre-planned results to the results obtained through the execution of a process;

internal efficiency, (efficiency in terms of using the internal capabilities of organizations) its calculation is carried out as a ratio of the plans intended to use the minimum necessary resources;

– overall efficiency (determined on the basis of external and internal efficiency).

The concept of general efficiency was first proposed by P. Druker.

It should be noted that the interpretation of efficiency proposed by American economists can be used for a wide range of purposes, that

is, it can be used not only for economic purposes, but also for social, cultural and nature protection, etc. Also, this approach is of primary importance in the service economy.

American G. Emerson is one of the founders of the goal-oriented approach to efficiency calculation. In his work entitled "twelve principles of efficiency" (1912) [18, 216 p.], he says that productivity is one of the twelve principles of efficiency. But according to G. Emerson, productivity and efficiency are not equal indicators. It should be said that G. Emerson does not make the high productivity of efficient production a primary task.

Thus, in terms of the situation of the goal orientation approach, the activity can be effective, but it can also be low-productive. Also, an activity can be highly productive, but it can also be ineffective. So, in the conditions of the service economy, productivity and efficiency indicators are divided. It is more important for business entities to achieve high efficiency than to achieve high productivity.

Conclusion/Recommendations

The goal-oriented approach to performance evaluation in the service economy differs sharply from the resource-expenditure approach. Using a goal-oriented approach expands the possibility of evaluating the effectiveness of activities. Based on it, maximum productivity is not a single parameter of activity efficiency, efficiency is classified in social, economic and socio-economic terms.

In this context, the scope of the use of performance indicators will expand. This approach, different from the resource-expenditure approach, can be used not only to evaluate the efficiency of commercial entities, but also to evaluate the efficiency of non-commercial entities. In general, the characteristics of the comparison of the above-mentioned approaches are presented in the following table.

From the above we can conclude the following:

– firstly, two fundamentally different approaches to efficiency evaluation are currently used in economic literature: resource-expenditure and goal-oriented

approaches. From the point of view of the resource-consumption approach, efficiency is calculated and interpreted according to performance indicators. With the development of the service economy in developed countries, a goal-oriented approach to performance evaluation has been widely developed. Based on it, efficiency and productivity indicators began to be interpreted as a separate independent indicator, and it began to be widely used in the wide calculation of not only economic, but also economic, socio-economic efficiency, in contrast to the resource-expenditure direction;

secondly, in calculating the effectiveness of resource-expenditure and goal-oriented approaches, it began to be used not only within the scope of the science of economic theory, but also in other economic sciences - management and marketing, labor economics and other sciences.

Thus, the calculation of efficiency in the context of the service economy requires a comprehensive approach, and it requires the proportionality of economic indicators. This situation is becoming more and more important in the world experience.

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