

Ways to Calculate Labour Productivity in Service Sector Enterprises

Ulugmuradova Nodira Berdimuradovna

Associate Professor, Faculty of Human Resources Management, SamSU

Rashidov Asilbek Umarbek og`li

SamSU, 2nd year student of the Faculty of Human Resources Management

Abstract

This article examines the essence of labor efficiency in the service sector, its socio-economic content, the system of indicators that represent it, the principle of calculating productivity and efficiency indicators, resource-expenditure and goal-oriented approach to calculating efficiency and their relationship.

Keywords: rural labor market, labor resources, labor demand, labor supply, regulation, competition, unemployment, active policy, passive policy, concept, employment, social guarantees.

INTRODUCTION (Introduction)

The development trend of modern society is mainly characterized by the transition from a raw materials and industrial economy to a service economy. 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 than other sectors of the economy.

The formation and development of the service economy also has an impact on the change in the gross domestic product of countries based on developed market economies. Currently, the main criterion is that the share of the service sector in the GDP, which is created to include a particular country in the list of developed countries, is higher than 65%. At the current stage of economic development of the country, the requirements for the number and quality of services are growing. This requires the identification of areas for efficient use of labor resources in the service sector and increase labor efficiency.

In this context, Mr. President hosannahs in the direction of the development of the Republic of Uzbekistan for the period 2017-2021 five priority strategies 'rapid development of the service industry, the role of the formation of the gross domestic product, services and share the contents of the services to be provided, first of all, their modern high-tech radical change at the expense of "[17] . Based on the effective solution of these tasks, it is important to increase the efficiency of the service sector and improve the quality of services provided to the population.

Literature review

Economic growth, development of the service economy, socio-economic development of the service sector, improving the quality and competitiveness of services, improving service processes, regulation of socio-economic relations, factors of economic efficiency, development of modern services, labor productivity growth, staff innovation fundamental aspects of developmental problems Keynes J.M. [6], Marshall A. [9], Shumpeter Y.A., [15], Volgin A.P. [4], Xaksever K., Render B., Russell R., Merdik R. [8] , Odegov Yu.G., Abdurakhmanov K.X., Kotova L.R. [11].

Description and classification of services in the service system, socio-economic mechanism of development of service enterprises, increasing the efficiency of personnel in the field, increasing labor efficiency, ensuring the intensity of production (services), the relationship of quality of services in the industry to their consumption, service quality assessment criteria and indicators, the formation of services related to consumer motivation, the peculiarities of the development of the service sector, the organization of service processes in enterprises, research on staff competence Teplitsky V., Kostyukovsky Yu. [13], Vesnin V.R. [3], Katels M. [5], Okoye A. [10], Barinov N.A. [1], Urakov J.R. [14].

Qualitative and quantitative assessment of economic growth factors in the service sector, to determine the contribution of each of these factors to the growth of the service sector and industry is still an important scientific issue. In the works of the above authors, the impact of various factors on the socio-economic development of the industry is studied. In these studies, the directions of socio-economic development in service enterprises have not been systematically studied. Accordingly, the study examined the mechanisms of socio-economic development in the service sector.

Research Methodology

The study used a dialectical and systematic approach to the study of economic systems and ratios, complex assessment, comparative and comparative analysis, statistical and dynamic approach, and grouping methods to assess labor efficiency in the service economy.

Economic efficiency reflects the results of the activities of entrepreneurs, and social efficiency reflects the social efficiency of economic entities, its impact on various aspects of society. In doing so, social and economic efficiency were found to be somewhat interrelated. The indicators of economic efficiency in the service economy were also classified, and the methodology for assessing labor efficiency based on the resource-expenditure approach and the goal-oriented approach was studied.

Analysis and results

At the present time, the socio-economic development of the world differs significantly from its predecessors in terms of meaning and content. A new interpretation of economic growth requires modern, conceptual approaches to the science of world economics. In particular, effective activity in the service economy has been studied more extensively than industrial activity, which is primarily explained by the fact that socially oriented activity is aimed at ensuring the living standards and quality of life in society.

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

1. In the service economy, businesses focus primarily on increasing efficiency, ie more fully meeting the specific (special) needs of customers. In an industrial economy, however, the focus is more on maximizing the production of goods.
2. The concept of utility in the service economy is the same as the nature of the use of goods, which determines how much the system of material goods and services has improved. In an industrial economy, only the material side of the product is taken into account.
3. In the service economy, quality is understood as the ability to constantly monitor and determine the attitude of the manufacturer to meet the maximum needs of the consumer. In an industrial

economy, on the basis of quality, only the ability of the operator to "do his job well" is understood.

4. In the service economy, the management system is also changing. Its main features are flexibility, quick decision-making, organization, freedom of movement and transparency, while in an industrial economy, management has a “mechanical” nature, ie it is determined by the hierarchy of structures and their excessive regulation.
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 focus is on the transformation of raw materials into finished products.

From the above, it can be concluded that effective operation in the service economy is radically different from efficient operation in a traditional (industrial) economy, and it is more socially oriented.

Therefore, the development of the service economy in countries based on developed market economies leads to a new understanding of socio-economic development. In particular, not only the rate of quantitative growth, but also social indicators, indicators of quality of life play a key role in it. In such an environment, effective activity is defined as meeting the needs of community members, primarily socially oriented goals. In an industrial economy, more quantitative, economic, and priority goals are envisaged.

Given the above-mentioned features of the service economy, its main differences from the industrial economy are presented in Table 1 below.

In general, considering the theoretical foundations of the service economy, it should be noted that the changes in economic conditions in developed market economies require a broader organization of the category of effective activity. A new approach to the category of efficiency is becoming increasingly popular in foreign economics. This approach emphasizes that the content of effective activity can be achieved qualitatively rather than purely quantitative.

Table 1. The main distinguishing features of the industrial and service economy ¹

The main characters	Types of economy	
	Industrial economy	Service economy
The leading sector 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 quality of life)
Effective direction of activity	Ability to produce maximum popular products at minimal cost	Improving the quality of life in society, the ability to meet the needs of social goals to the maximum

At the same time, summarizing the views of the world economy, it can be noted that the effective operation of economic entities means the generality of economic and political indicators. That is why the generalizing concept - the social and economic concept - corresponds to it. This concept reflects a two-pronged approach to efficiency, i.e., quantitative and qualitative aspects (Figure 1).

¹ Compiled by the author.

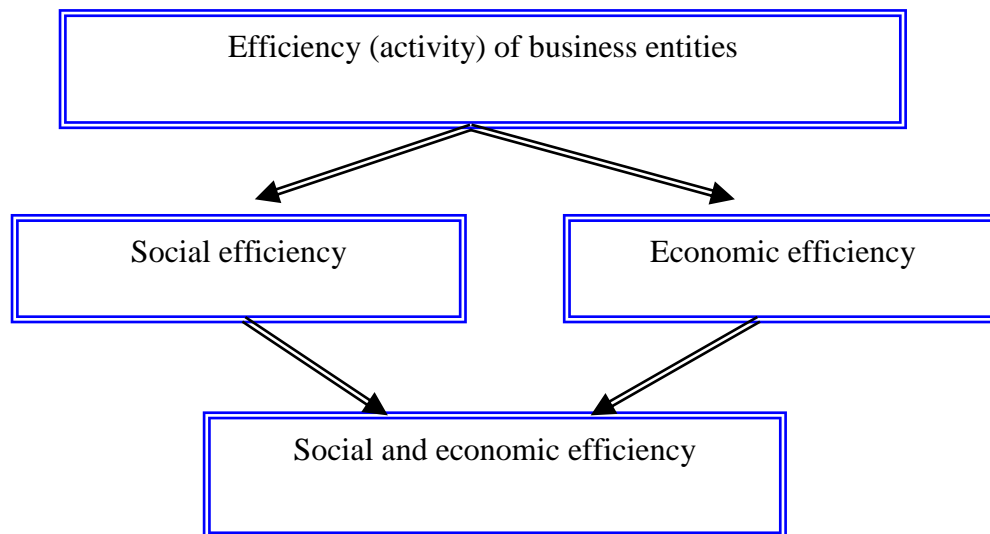


Figure 1. Efficiency of business entities²

Economic efficiency reflects the results of the activities of entrepreneurs, and social efficiency reflects the social efficiency of economic entities, its impact on various aspects of society. At the same time, social and economic efficiency are to some extent interdependent. 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, leading to an increase in his or her labor productivity. At the same time, a material basis is needed for the implementation of social programs. This material basis is achieved by increasing the economic efficiency of enterprises. Thus, in the context of a service economy, the new content of effective activity can be expressed as follows: activity efficiency is not measured by the essence or content of the concept of efficiency, but by indicators that make up social efficiency. These indicators have a broader meaning than the indicators that determine economic efficiency. Changes in the qualitative conditions that make up the efficiency make it necessary to assess the effectiveness of business entities. According to the same generally accepted view, social efficiency cannot be reduced to a precise quantitative scale. Thus, traditionally, efficiency can only reflect its economic nature, making it difficult to measure its social and socio-economic aspects by quantitative criteria. Such a view is common in the economic sciences today. At the same time, research related to the solution of the problem of efficiency assessment in the context of service economy is becoming more relevant, and the demand for research in this area, in our opinion, is much higher.

Particular attention is paid to the study of performance appraisal with the formation of a service economy in developed market economies. We also want to focus on this issue in our research. To do this, it is expedient to focus primarily on the concept of efficiency and its definition. Recognizing that the concept of "efficiency" is a complex concept, the term "efficiency" is widely used in the scientific literature (efficiency - English) with several translational interpretations, such as efficiency, mobility, productivity, mobility, efficiency [11, pp. 233-234]. can be explained by concepts. At present, 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.

² Compiled by the author.

In a broad sense, the concept of 'Efficiency' is interpreted as the ability to approach the environment effectively and adequately [9, p. 350], relative efficiency, operations and projects [2, p. 326].

If we look at the above definition of defining the essence of 'efficiency', we can see that it has several resources. Because this concept can be expressed through a number of criteria, features. Also, the category of efficiency is manifested both in terms of consumption satisfaction, as the expediency of production, as an effective formation of enterprises, and so on.

The concept of "efficiency" is a very broad concept, it reflects the ratio of the obtained efficiency to expenditures [2, p. 326].

Efficiency is the search for the best solutions in order to achieve higher results in one or another area of labor activity and reduce costs per unit of these results.

The concept of "efficiency" is a complex classification of the results of potential and real activities in a narrow sense, with a focus on the results obtained in the activity.

In our opinion, the above definitions reflect the following key aspects of the essence of "Efficiency": first, efficiency is a complex socio-economic category, which is determined on the basis of one or more criteria. Second, efficiency is a relative concept that is always subject to specific goal activities. That is, performance appraisal describes activities based on key objectives.

Thus, efficiency is a relative concept. When considering this concept, several cases are compared. For example, in economic theory - the level of prosperity associated with any interest in the economy is compared. The point is that the well-being of a society is a direct result of the generalization of the interests of all members of society.

The task of increasing the efficiency of social production is to keep the growth rate in term production at a low level for the economy, making it a vital task of development. Through the analyzed literature, we can conclude that significant quantitative approaches have been formed to assess efficiency in the development of economic sciences. However, in our view, they are all divided into two distinct approaches based on common characteristics: resource-expenditure and goal-orientation. Let's take a closer look at their essence and content.

In a more common resource-based approach, the measurement of efficiency is expressed through the use of performance indicators. It should be noted that the lexical meaning of the term "efficiency" - it means productivity, productivity. We can also cite the opposite meanings. For example: S.E. Sarkisov defines productivity as "a measure of the efficiency of resources used to create a product" [13, p. 446]. AB Borisov recognizes productivity as "an indicator of the efficiency of production per unit of resource used" [7, p. 450]. We therefore consider it necessary to define the concept of 'productivity' in subsequent analyzes.

The concept of "productivity" (English productivity - productivity, productivity, production) - is usually defined as the productivity, efficiency of human production activities. In the 70s of the XXI century, when the theory of superstition appeared, this concept began to be widely interpreted. However, despite the fact that so much time has passed, the definition of the concept of productivity is still outdated. In particular, the book "Bolshoy ekonomicheskiy slovar" defines productivity as "products, services, semi-finished products produced in a unit of time by a unit of work equipment, division, etc." [4, p. 216].

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

marginal productivity states that all the factors involved in the formation of income and value in society have the property of productivity. According to Dj. Clark's theory, every factor of production has some marginal productivity, according to which every labor has a certain price.

At the same time, productivity indicators are used to assess 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 activity, then efficiency is determined by the result of that activity. The main reason for the interdependence of productivity and efficiency in the resource-expenditure approach is that this approach began to emerge in the early nineteenth century, in the context of the formation and development of the industrial economy. Of course, in this case, the resource approach involves the assessment of efficiency on the basis of mass standardization of production of material goods. The main issue is "to achieve high economic benefits on the basis of minimum expenditures" [15, pp. 39-40]. From this point of view, we can say that in an industrial economy, material production played a key role. As a result, according to this approach, the main goal of any production is to get maximum profit. It should also be noted that even in the early twentieth century, high profitability at the expense of 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. Gays, G. Fort, A. Fayol, etc.) believe that management efficiency is the achievement of maximum results at cost. Therefore, productivity is a key criterion in the system of indicators used by business leaders and managers.

The use of a resource-intensive approach in evaluating effectiveness can be seen in the marketing literature. Well-known marketer G. Assel understood marketing costs and results as marketing effectiveness [5, p. 325].

Thus, under the resource approach, productivity and efficiency are interpreted as the same indicator, but as an economic category, their essence is interpreted differently. At the same time, it should be defined that the interdependence of the concepts of productivity and efficiency raises certain problems. In particular, the uniform interpretation of the concepts of productivity and efficiency has complicated the translation of foreign economic literature devoted to the application of these categories. Second, the mixed interpretation of the two concepts has complicated the way Western and national economics draw conclusions about these tariffs.³ This situation has led to the emergence of different views on the above categories in the science of national economics.

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

If the production efficiency indicator is compared to the labor productivity indicator, we have a coefficient that shows what share of live labor costs in the sum of total production costs. The decrease in this share is an indication of the relative and absolute exemption of live labor directly from production [3, p. 397].

Thus, they are studied as the same indicators in the organization of efficiency and productivity in terms of resource consumption. But as economic concepts, they are different. Therefore, in

³ For example, G. Emerson's Twelve Principles of Productivity is called The Twelve Principles of Efficiency. It should be noted that this is not the only translation edition that has replaced efficiency with the concept of productivity. (For example, "Quality and efficiency management" 2001. I. Prokopenko, K. North) The examples given prove the existence of lexical confusion by the author.

assessing the effectiveness of the resource approach, it is advisable to focus on the system of performance indicators.

Thus, they are studied as the same indicators in the organization of efficiency and productivity in terms of resource consumption. But as economic concepts, they are different. Therefore, in assessing the effectiveness of the resource approach, it is advisable to focus on the system of performance indicators.

The concept of productivity studied in economics is based on the theory of factors of production of the system of productivity indicators. According to this theory, the main task of productivity is to achieve maximum results at minimal cost. Accordingly, the general formula of productivity is as follows.

Productivity = product production / consumption, (1.1);

In the calculation of high performance, we can distinguish three types of productivity that differ from each other: specific productivity, total productivity, multifactorial and gross productivity of production factors.

Specific productivity is an indicator that describes a resource used as a factor of production relative to the end result. This indicator shows the one-factor efficiency of production.

Overall productivity is a descriptive indicator of several resources as factors of production relative to the end result. This indicator represents the efficiency of factors of production.

Gross productivity is an indicator that classifies the ratio of all resources used as a factor of production to the total end result and represents the efficiency of gross performance.

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

In addition to the generally accepted classification mentioned above in the economic literature, several other classifications can be distinguished. For example, for the degree of complete calculation of costs and results, it is possible to distinguish three types of classification of performance indicators [6, p. 104].

- a) private (ratio of one result to one expenditure);
- b) generalized (ratio of one or more results to several expenditures);
- c) integral (full productivity report);

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

Table 2. The main indicators of productivity of factors of production⁴

The result Expenditures	Production capacity (in units)	Income (sum)	Profit (sum)	Value added (sum)
Expenditures (soums)	Total productivity	Total factor productivity	Profitability (useful total productivity)	Value added productivity
Only in soums				

⁴ Compiled by the author.

1. Labor costs (person)	Labor productivity	Labor productivity	Benefits labor productivity	Productivity related to staff composition
Labor costs (soums)	Labor productivity	Labor productivity	Productive labor productivity	Productivity that depends on manpower
Labor costs (hours)	Labor productivity	Labor productivity	Productive labor productivity	Productivity related to working time
2. Expenditure on fixed assets (soums)	Fund return	Fund return	Profitability of fixed assets	Fixed financial capital productivity
Material costs (units)	Material return	Material return	-	Productivity of current assets
Material costs (soums)	Material return	Material return	-	Productivity of current assets

In the calculation of productivity, there is also a classification of three factors of production (labor, capital and materials) that take into account the specific productivity indicator (Table 2).

Current productivity indicators vary, including labor productivity, material return, stock return, profitability, etc., and their calculation is based on a single principle of the ratio of production results to costs (based on formula 1.1). In this classification, productivity is expressed in terms of value and nature.

In our view, the shortcomings of the cost-resource approach in a service economy are:

1. The resource-consumption approach emerged in the context of an industrial economy and focused on standard mass production. Providing the population with standard products in a service economy has led to the priority development of the production of intangible individual goods and services. This situation requires that the resource-consumption approach be adapted to the conditions of the service economy.
2. From the point of view of resource-expenditure approach, the main goal of efficiency is to create maximum standard products at the expense of minimum costs, i.e. economic (net) goals. In a service economy, the resource-consumption approach to production efficiency will change radically, and the focus will be on a socially oriented goal - the main goal of production efficiency.

In a service economy, social efficiency is becoming increasingly important. It makes it necessary to evaluate it objectively. The indicators used in the resource-expenditure approach are mainly aimed at comparing the results achieved. But comparing and calculating social efficiency in production costs is much more complicated.

Thus, the use of resource-intensive approach in assessing the effectiveness of various services in the service system is limited. In the 1920s, a “target-oriented” approach was proposed in foreign economic theory, which allows for the assessment of both economic, social and socio-economic efficiency. This approach developed extensively in the 1970s (i.e., in the context of the formation of a service economy), especially in the applied economy. In the service sector, the use of this approach may be more important. That is why it is expedient to dwell on it. The “target orientation” approach [10, p. 131] is somewhat different from the resource approach in evaluating efficiency.

In the 1920s, American economists analyzed productivity and efficiency as the same indicator and did not deny the goal-oriented approach, but suggested the organization of production to achieve the intended goal with better use of resources. Under the goal-oriented approach, efficiency is measured as the ratio of the results obtained by performing a process in production and achieving a target result. Another method of calculating efficiency is performed as a ratio of the amount of resources required to use the minimum required resources (required to prepare the intended product) [16, p. 324]. The general formula for calculating the efficiency based on the above tariff is as follows:

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

Here: Diagnosis - the result to be given

Land is the target result

Within the framework of a goal-oriented approach, the following aspects of efficiency can be identified:

- external efficiency, (efficiency in terms of using the external capabilities of the organization) its calculation is defined as the ratio of pre-planned results to the results obtained by performing a process;
- internal efficiency, (efficiency in terms of using the internal capacity of organizations) its calculation is carried out as a ratio of plans for the use of minimum necessary resources;
- overall efficiency, (determined on the basis of external and internal efficiency).

The concept of overall efficiency was originally 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, i.e., not only economic, but also social, cultural and environmental, and so on. This approach is also important in the service economy.

One of the founders of the goal-oriented approach to calculating efficiency is the American G. Emerson. He states in his work "Twelve Principles of Efficiency" (twelve principles of efficiency 1912) [18, p. 216] that productivity is one of the twelve principles of efficiency. However, according to G. Emerson, productivity and efficiency are not equal. It should be noted that G. Emerson's high productivity of efficient production is not a primary task.

Thus, a goal-oriented approach can be effective in terms of the situation, but can also be less productive. The activity can also be highly productive, but can also be inefficient. Hence, in a service economy, productivity and efficiency indicators are divided. Achieving high efficiency of business entities is more important than achieving high productivity.

Conclusions and Recommendations

The goal-oriented approach in evaluating efficiency in the service economy is radically different from the resource-expenditure approach. The use of a goal-oriented approach expands the scope for evaluating performance. According to him, maximum productivity - without a single parameter of operational efficiency, efficiency is classified socially, economically and socio-economically. In this context, the use of efficiency indicators is expanding. Unlike the resource-expenditure approach, this approach can not only assess the efficiency of commercial entities, but also assess

the effectiveness of non-profit entities. In general, the comparative feature of the above-mentioned approaches is given in the table below.

From the above we can conclude the following:

- first, there are currently two radically different approaches to efficiency assessment in the economic literature: resource-intensive and goal-oriented. In terms of the resource-consumption approach, efficiency is calculated and interpreted according to productivity indicators. With the establishment of a service economy in developed countries, a goal-oriented approach to efficiency assessment has developed extensively. 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 calculation of not only economic but also economic, socio-economic efficiency, in contrast to the resource-consumption direction;
- secondly, in calculating the effectiveness of resource-intensive and goal-oriented approaches began to be used not only in the field of economic theory, but also in other economic disciplines - management and marketing, labor economics and others.

Thus, the calculation of efficiency in a service economy requires a complex approach, and it requires the proportionality of economic indicators. Directly such a situation is developing in the world experience, which is becoming increasingly important.

Bibliography (References)

1. Abdurahmonov Q.X. Labor Economics: Theory and Practice / Textbook. Revised and supplemented 3rd edition. - T.: UzFA "FAN" publishing state enterprise, 2019. - 592 p.
2. Abdurahmonov Q.X. Labor Economics / Textbook. - T.: UzFA "Mehnat" publishing house, 2009. - 511 p.
3. Borisov A.B. Bolshoy ekonomicheskiy slovar / A.B. Borisov - M.: Kniznyy Mir, 1999. - p. 825.
4. Pardaev M.Q. and others. Development of services, services and tourism: problems and their solutions. Study guide. - T.: «Economy and Finance», 2008. - B. 133.
5. Berdimuradovna, U. N. (2021, June). THE MECHANISM OF REGULATION OF SOCIAL LABOR RELATIONS IN THE INNOVATIVE ECONOMY. In E-Conference Globe (pp. 129-133).
6. Berdimuradovna, U. N., & Umarbek oglu, R. A. (2021, June). ECONOMETRIC ANALYSIS OF SMALL BUSINESS DEVELOPMENT IN THE DIGITAL ECONOMY. In E-Conference Globe (pp. 66-73).
7. Berdimuradovna, U. N., & Sadinovich, B. S. (2021). PROBLEMS AND SOLUTIONS OF EMPLOYMENT OF THE POPULATION IN THE CONDITIONS OF THE DIGITAL ECONOMY. DEVELOPMENT ISSUES OF INNOVATIVE ECONOMY IN THE AGRICULTURAL SECTOR, 79.
8. Ulugmuradova, N. B., Miyassarova, M. A. K., & Rashidov, A. U. U. (2021). EFFECTIVE WAYS OF LABOR MARKET INFRASTRUCTURE DEVELOPMENT. Academic research in educational sciences, 2 (6), 808-819.

9. Ulugmurodova, N. B. B. (2021). DIRECTIONS OF DEVELOPMENT OF LABOR MARKET INFRASTRUCTURE IN THE CONTEXT OF TRANSFORMATION OF THE ECONOMY. *Economics and Finance (Uzbekistan)*, (2 (138)), 53-60.
10. УЛҮҒМУРОДОВА, Н. (2021). DIRECTIONS FOR THE DEVELOPMENT OF LABOR MARKET INFRASTRUCTURE IN THE CONTEXT OF ECONOMIC TRANSFORMATION. *Экономика и финансы (Узбекистан)*, (2), 53-60.