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## CLASSIFICATION OF CRITERIA AND INDICATORS FOR INCREASING LABOR EFFICIENCY IN INDUSTRIAL PRODUCTION ENTERPRISES

**Abstract:** In this article parameters and criterion of increase of efficiency of work in the industrial enterprises are certain. Are certain social and economic criterion of efficiency of labour activity in the industrial enterprises and analyzed social and economic parameters binding with labour activity. And also parameters of the purpose and results between criteria of social and economic efficiency of work and productive and economic efficiency of work are investigated.

**Key words:** social and economic efficiency of work, productive and economic efficiency of work, expense of work, wage fund.

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### Introduction

In the conditions of current innovative development, there is no single conclusion in the comprehensive assessment of labor efficiency in production enterprises. For this reason, the development of a comprehensive assessment of labor efficiency is one of the urgent problems. It is important to theoretically study the criteria and indicators that define it in the development of the methodology of comprehensive assessment of labor efficiency.

So far, scientists have not come to a single opinion on determining the criterion of labor efficiency in enterprises. Economists have different approaches to determining the criterion of labor efficiency. Ensuring high work results with reasonable use of all resources is the main criterion of work efficiency.

A comprehensive analysis of labor efficiency in the enterprise's production activities should not be limited to the inclusion of the efficiency criterion, because the criterion mainly represents the essence and main tasks of increasing efficiency, but cannot

serve as a measurement and evaluation tool. Labor efficiency indicators solve this task. The complexity of the criterion of the complex program for the development of production enterprises means the need for indicators characterizing its goals and resources.

In our opinion, it is necessary to systematize indicators for evaluating labor efficiency, because the complexity of the economic activity of enterprises and organizations of any industry makes it inappropriate to separate from the existing indicators of labor efficiency the indicators that take into account and evaluate all aspects of the labor relations of the enterprise and organization as the main indicator.

In the economic literature, efficiency indicators are different:

- according to the evaluation scale;
- according to the level of use of resources;
- on the importance of indicators;
- on their role in decision-making;
- generalized level and other classifications are found.

The change in the type of ordinary work in the production economy has led to a wider application of

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the concept of "labor efficiency". In order to achieve the final result in order to satisfy human needs, not only actual labor costs are involved, but also all resource reserves in society, including intellectual resources. For this reason, the modern market economy achieves the maximum result in the effective satisfaction of human needs using available resources and knowledge. In the market economy, its value occupies a central place in the evaluation of various production resources and living labor.

The multiplicity of needs that determine the purpose of work and the use of resources requires the creation of a criterion of labor efficiency. In a broad sense, "Criteria" is a sign, a basis that plays a key role in regulating, determining or evaluating something. If we give this tariff a broader tariff based on the nature of the concept of criterion, then the criterion is - 1) the price of the main characteristic used in evaluating a particular characteristic from the point of view of its compliance with certain requirements; 2) the main direction in the assessment process; 3) is an explanation based on a number of quantitative indicators indicating the overall quality indicator and the stage of development.

Based on the broad classification of the concept of the criterion, the efficiency criterion reflects the following goals and tasks: "full satisfaction of the social need and reduction of the consumption of limited resources to a minimum level. For this reason, from the socio-economic point of view, any type of work that can satisfy the material and spiritual needs of society is effective. From the point of view of technical production, reduction of any type of work to a minimum level by means of modern technical means in order to achieve a positive result can determine the criterion of efficiency".

Based on the essence of labor efficiency, the criterion of labor efficiency can be expressed in the form of the following formula 1 through the relationship between the total labor cost and the profit obtained:

$$LEC = \frac{EPL E + SELE + SLE}{LCMP + IPLC} \quad (1)$$

where: LEC - labor efficiency criterion; EPLE - economic-production labor efficiency; SELE - socio-economic labor efficiency; SLE - social labor efficiency; LCMP - labor cost of material production; IPLC - intangible production labor costs.

It follows from this that it is not difficult to determine the criterion of its efficiency, taking into account the fact that work is directed to the satisfaction of human needs in various forms: it increases as a result of the increase in the value of each result and the reduction of the costs of various forms spent on it.

Since there are different stages in which the product of labor is reflected, their criteria should also be different at each stage. Such a distribution confirms

that economic views do not always lead in the production of social goods. In any case, socio-economic labor efficiency takes a higher place compared to economic-production labor efficiency. In particular, at the individual level, the worker, first of all, considers the effectiveness of his work to satisfy his personal needs. Therefore, the average worker's socio-economic labor efficiency is better measured by the monthly salary he earns as a result of his labor rather than various production indicators that reflect his productivity. It is possible to determine the criterion of individual labor efficiency based on the level of living at the expense of the profit. The main reason for studying a specific branch from the account of general social labor is that each branch determines a specific consumption price based on the needs of society. This serves to determine the criterion of sectoral labor efficiency. After all, each of its directions is aimed at meeting the needs of a certain society.

It is possible to consider the criterion of network and enterprise labor efficiency based on foreign experience. At the core of Western economic science, three main directions - the model of efficiency - have been developed in the study of efficiency criteria at the microeconomic level.

*The first group of models consists in the systematic organization of enterprises to achieve their goals.* In this, specific groups are organized that organize the effective activity of enterprises, and they work through a specific direction to achieve a certain goal (for example, maximizing profit). The only problem in implementing this theory is the difficulty in calculating the amount of development in this direction.

*The second group model is based on systematic criteria.* In this case, it is envisaged that each enterprise will operate in accordance with the rules of the external environment, which are determined in advance and are independent of it. In such a situation, it is impossible to deviate from the main goal, because such a goal can be the only one in any enterprise. For example: maintaining internal order and unity. In fact, it would be difficult to find an enterprise that has not changed its internal order, at least for the shortest period of time, in the face of external influences. In addition, if the enterprise is completely resistant to external influences and unchangeable, then there is no doubt that it will store accumulated and unused resources in its reserve for a long time. For this reason, internal system consistency and market performance are hardly a measure of efficiency.

*The third group model proposes to study the criterion of labor efficiency in each enterprise by dividing it into parts with different goals and desires.* As their separate parts, a specific department or representatives of this enterprise directly related to the organization's activities can be taken. Disadvantages of this model are that the company's activities are

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critically interdependent components and it is difficult to study the nature of this interdependence and to balance them strategically.

In our opinion, operating production enterprises in the course of their activities include meeting the needs of all those who are related in one way or another. For example, its employees, shareholders, partners and consumers are interested in the activities of any enterprise.

Basically, socio-economic labor efficiency is based on the economic-production result. Based on this, the economic-production labor efficiency can be divided into two types: 1) private efficiency - the superiority of the labor result over the total costs; 2) effective use of all types of work.

The efficiency indicator should match the economic nature of the process it describes with maximum accuracy. As a factor reflecting the quality level of this category, the labor efficiency indicator should reflect the level of efficient use of the labor force and related material resources in the process of determining the consumer value of the product.

Effective use of factors of production in creating consumer value of the product leads to higher profit at the expense of lower cost.

The relationship between the result and the cost can be not only in the form of the result / cost ratio, but also in the form of (result - cost). This approach allows consideration of all performance indicators: 1) general indicator of resource utilization; 2) specific indicators, including labor productivity, fund return, material productivity, etc. In this case, a single summary indicator cannot fully demonstrate the need for a separate system of indicators reflecting different levels of efficiency. In our opinion, the most accurate indicator of economic-production labor efficiency is profit, because it shows that the total profit is greater than all the resources used in the production of the product, regardless of the value of any resource used in the production of the product.

In the conditions of the market economy, enterprises that produce products that do not have consumer value cannot continue their activities, and it will not be possible to recover the costs of resources spent on the production of products.

Labor productivity is important among the individual indicators describing the cost of some production resources, its essence is that it reflects the production efficiency of people in a certain period of time.

Other specific indicators express the level of use of material resources in production according to need. For example: equipment, raw materials, materials and energy. In the system of separate indicators, the index of fund return has an important place in the calculation of depreciation allowances in the circular cycle of the product production process.

It is necessary to distinguish between physical and economic jobs when determining the indicator of

socio-economic labor efficiency. A *physical workplace* can be occupied by several people at the same time, and it depends on how the working hours are organized in the enterprise. *Economic workplace* is a combination of a number of socio-economic conditions that ensure the employment of a person.

In our opinion, the wage fund is taken as the main source (base) when calculating the socio-economic efficiency of labor from the enterprise, sector and territorial point of view. This is important because, as a rule, the real income of workers is higher than estimated, which is directly affected by the funds allocated from the funds of material assistance and social material payment (medical leave, maternity leave), and this causes the income to remain untaxed. Accordingly, the basic wage fund should not be less than the minimum wage when calculated in relation to the general employees.

It is also worth noting that the increase in labor efficiency is a necessary requirement for the increase in wages. On the other hand, the increase in wages motivates workers and is an important factor in increasing labor efficiency. Based on this, socio-economic labor efficiency can be reflected as follows (formula 2):

$$SELE = \frac{BSF}{TE} W \quad (2)$$

where: SELE - socio-economic labor efficiency; BSF - basic salary fund; TE - total number of employees; W – minimum wage, soum.

High socio-economic labor efficiency will depend on the increase in the relative value of the minimum wage, which is sufficient for the purchase of consumer products and non-food products necessary for each person, with the basic wage fund. Using the above-mentioned formula 2, it is possible to accurately express the average salary of employees employed in the enterprise or sector (region).

In addition to the above indicators, there are other means of determining the socio-economic efficiency of internal labor. In addition to the direct costs of creating a certain product, its duration, speed and the amount of employment in this process also play an important role. For this reason, the wage as an indicator reflecting the main socio-economic efficiency helps to determine the labor efficiency in this form in cooperation with the total labor cost.

Another constant indicator used in economic statistics is the share of wages in the total use of production resources. In this case, it is necessary to take into account the two-sided role of wages, because on the one hand, it is part of the production costs, on the other hand, it also reflects the socio-economic result of labor in the production of society.

Socio-economic labor efficiency is shown from the outside in the form of indicators in the form of increasing needs of the population. Literally satisfying all the needs of society in general and of its members

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individually, along with actual needs and needs that can be realistically satisfied, is shown as the most important social result of the activities of producers.

When classifying the socio-economic labor efficiency and economic-production labor efficiency

criteria mentioned above, we express the integrity of their results (purpose of the criterion, result indicator) in Table 1.

**Table 1. Criteria representing labor efficiency.**

№	Criteria classification	The purpose of the criterion	Result indicator
1.	<b>Socio-economic labor efficiency:</b> full satisfaction of material and spiritual needs of people	Meeting the needs of personal personnel	Internal labor efficiency
		Meeting people's needs	External labor efficiency
2.	<b>Economic-production labor efficiency:</b> achieving high productivity using the minimum amount of resources used in production	High cost effectiveness	Expected result (profit)
		Minimize the consumption of each resource	Personal: productivity, stock returns, etc.

From the above analysis, we can conclude the following:

- it is necessary to determine the labor efficiency of various branch enterprises and organizations using the system of efficiency indicators;

- the criterion of labor efficiency is determined based on the ratio of the total labor cost to the achieved socio-economic labor efficiency, economic-

production labor efficiency and social labor efficiency indicators. Indicators expressing the criterion of labor efficiency consist of a system of indicators expressing various goals and tasks in labor relations.

The system of indicators that determine the criterion of labor efficiency in production enterprises allows for wide application to determine labor efficiency in enterprises of all sectors.

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