

## **Organizational and Economic Mechanisms for Improving Labor Efficiency in Service Enterprises**

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### **Abstract**

This article provides science-based suggestions and recommendations on opportunities to increase labor efficiency in service enterprises and increase the social and economic well-being of the population associated with them.

**Keywords:** labor, labor productivity, labor efficiency, organizational and economic mechanism, employment, human factor, service sector, personnel labor



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## **Introduction**

In the current period of development, it is important to create comfortable and safe working conditions for people, to organize labor relations between employer and employee in accordance with the conditions of the modern economy. After all, every day creates new opportunities. At a time when the creation of a new Uzbekistan is the ultimate goal of our state, the issue of achieving growth in every aspect of our economy remains relevant.

**“Undoubtedly, confidence in our own strengths and capabilities unites us in the path of such a noble goal as building the foundations of the Third Renaissance, making us stronger and more resilient. These aspirations have become huge practical works, and the great people's movement is expanding. It is a great happiness, a great honor to be in such a powerful line”.[1].**

Today, the Republic pays great attention to the creation of sustainable industrial enterprises, achieving macroeconomic stability through the opening of a wide range of entrepreneurship and small business, as well as the creation of favorable conditions for investors. Undoubtedly, this process will create new jobs for the population.

We face the concept of efficiency in every aspect of our lives. It is no secret that effective work is important in all areas. In recent years, development has also been observed in sectors of the economy, which has had a significant impact on changes in its indicators. Enterprises operating in an innovative economy have begun to look for ways to keep up with this process. As a result, the focus on labor relations in enterprises has increased. The development of acceptable labor standards, the proper organization of labor relations has become one of the main tasks in enterprises that are participants in the modern economy. It is no secret that the ultimate goal of every business is to make a profit. At the same time, there is the issue of meeting the infinite needs of limited resources, which is the main problem of the economy. Organizing productive activities through the use of limited resources is not an easy task. Achieving labor efficiency is important in organizing such activities. We know that labor relations have existed since ancient times, and it was labor that played a special role in the development of those oldest people. That is, it has developed through the efficiency of human labor, the desire to get more out of it, created various techniques and technologies. This factor indicates the need for in-depth analysis of labor efficiency.

It is known that today the issue of social support has a special place in the policy of our country. This process is also reflected in the organization of labor relations. Enterprises have the task of motivating workers and creating optimal working conditions for them in order to achieve labor efficiency. With this in mind, we can say that ensuring labor relations and labor efficiency is important not only at the enterprise level but also among society as a whole. Therefore, the study of these processes is constantly carried out, and it does not lose its practical and theoretical significance.

**Review of the literature on the subject.** Everyone goes through different processes in their activities. It is in this process that the economic concept of labor is formed. It is known that the main purpose of labor is to achieve a result, in other words, to produce a product or service. That is, in the process, man uses his physical and mental abilities to create goods designed to meet personal and social needs. In the occurrence of the labor process, a relationship between the employer and the employee arises on the basis of certain conditions, and this is called an employment relationship. Proper organization of labor relations is important for both parties.

This gives rise to the concept of productive labor. The study of concepts such as labor, labor relations, and labor efficiency does not always lose its relevance.

The contribution of V.V. Novojilov in the study of labor efficiency in service enterprises as a socio-economic category is significant, he described it as "...the useful property of a product does not depend on its quantity. The product may be useful or unnecessary, necessary or redundant. An increase in surplus production can lead to an increase in labor, but this has a negative impact on its efficiency" [2]. To the concept of labor efficiency by O.I. Volkov "...labor productivity associated with the reduction of labor costs for the result of labor performed per unit of time" [3], A.I. Rofe described it as "labor efficiency is productivity, the efficiency of people in production activities" [4]. This understanding was described by L.A. Kostin as: "labor efficiency refers to the improvement of social aspects of labor, including the improvement of working conditions and its safety" [5], V.F. Potudanskaya: "labor efficiency is the achievement of a goal at the level of rational consumption of resources" [6], A.S. Volchyonkova: "labor efficiency expresses the efficiency of the use of labor potential of workers" [7], I.T. Abdugarimov and others: "labor efficiency is measured by its efficiency, ie the result corresponding to one employee (one labor potential) in a certain unit of time" [8].

In our opinion, labor efficiency is a socio-economic category, which is to achieve high labor productivity by reducing labor costs and improving the quality of labor in the production (non-production) process on the basis of decent labor principles.

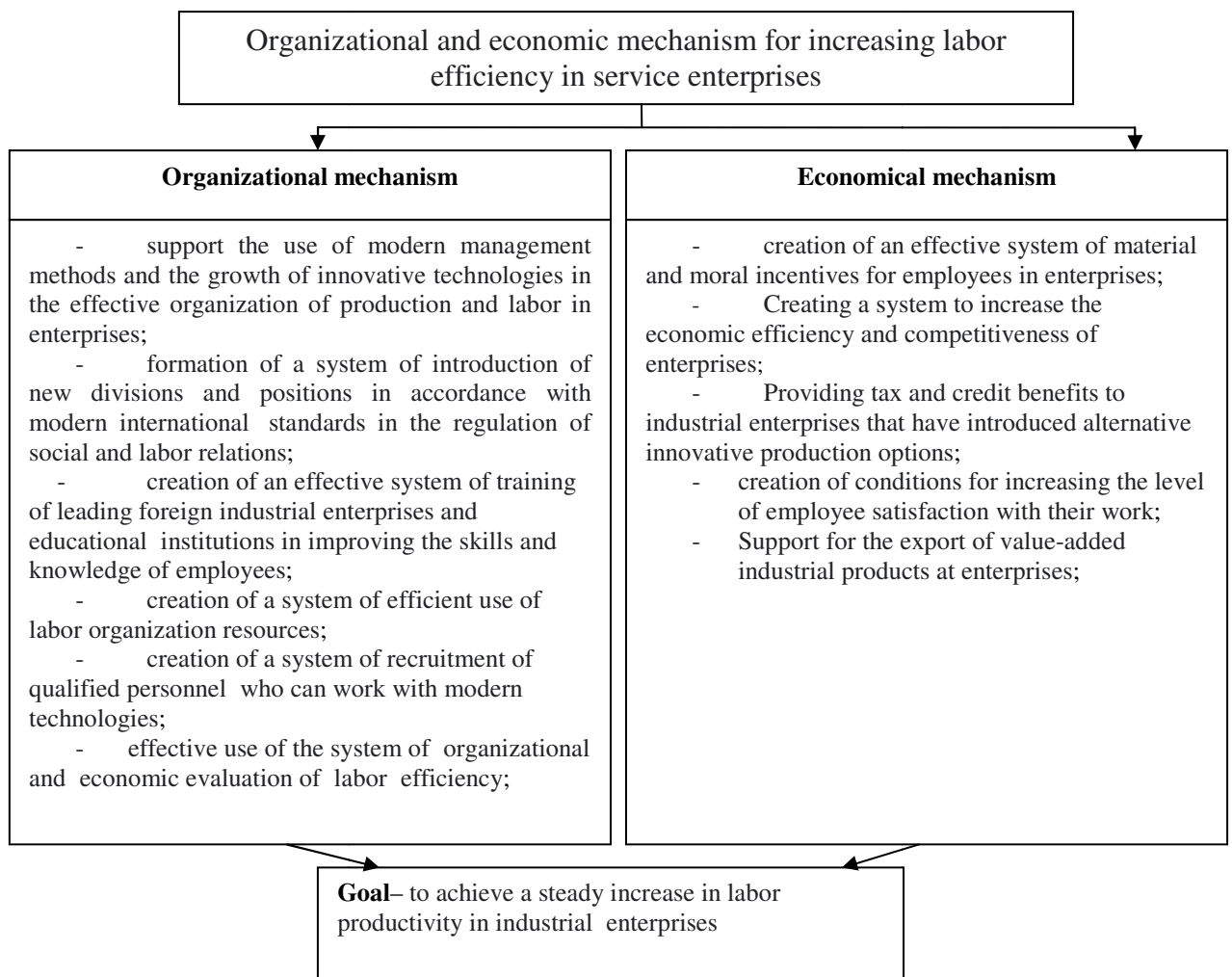
**Research methodology.** The study of labor relations in developed countries, strategies for the organization and development of labor relations, the development of a system of measures for the development of labor productivity, the creation of modern forms of labor relations in enterprises a system of conclusions and recommendations based on the results of the research is involved in the production process. In doing so, the methods and results of scientific and applied research aimed at describing the specific features of achieving labor efficiency were used.

**Analysis and results.** Labor productivity is an indicator of the economic efficiency of the labor activity of employees. In the production process, the labor of people is useful, efficient and productive. It is determined by the ratio of the amount of goods produced or services rendered to labor costs, ie the product produced per unit of labor costs. The level of development of a society and the well-being of all its members depends on the level of labor productivity and its growth.

Labor productivity is a broader concept than labor productivity, which includes not only economic but also psychophysiological and social aspects. The psychophysiological factor of labor is determined by the effect of labor on the human body. From this point of view, productive work means not only the achievement of a certain productivity, but also harmless, comfortable sanitary and hygienic conditions and safety; labor, which ensures that labor is sufficiently meaningful and that the limits of its distribution are observed, that opportunities for the full development of a person's physical, mental strength and abilities in the process of labor are prevented. It is this aspect that distinguishes between the concepts of labor productivity and labor efficiency. That is, even if they are used in a close sense, labor productivity does not take into account the quality of labor, nor does it represent the need for rational use of labor resources. Labor productivity, on the other hand, represents the level of achievement of high labor results with the lowest labor costs. At the same time, labor efficiency includes not only quantitative but also qualitative indicators. It will be possible to achieve labor resource savings through the labor efficiency indicator. The higher the labor productivity, the lower the labor costs, while the quality of the work is at the required level.

In the formation of the organizational and economic mechanism that increases labor efficiency, the purpose of the mechanism should be reflected, taking into account the elements and tasks in the organization of labor. The structure of the movement is expressed in terms of separate organizational and economic elements of the organizational and economic mechanism (Figure 1). In this case, the mechanism acts as a support to ensure the implementation of the set tasks and principles to achieve the set goal.

The study of the interrelationships of the elements of the organizational and economic mechanism of increasing labor productivity in the enterprises in Figure 1 provides not only a logical-functional, but, most importantly, a full disclosure of the main features of the mechanism. At the level of industrial enterprises, its development should be carried out in close connection with the main organizational and economic parameters, in particular, the compatibility of goals and priorities to increase labor efficiency on the basis of decent work principles. The priorities and goals of increasing labor efficiency include the introduction of innovative technologies in enterprises, the search for and use of new sources of natural resources, the use of modern management methods, effective labor incentives, the creation of safe working conditions.



**Figure 1 The main elements of the organizational and economic mechanism of increasing labor efficiency in service enterprises**

In many cases, one task does not work independently of the others. At the same time, the organizational and economic mechanism for increasing labor efficiency is to adapt to changing innovative economic conditions, choose clear effective methods of generating action, take measures to constantly increase the efficiency of results and prioritize the elements of monitoring. The principle on which any mechanism works perfectly applies. The tasks of our organizational and economic mechanism are based on the principles of "clear purpose, responsibility, planning, openness". Organizational and economic elements of the mechanism will allow to continuously increase labor efficiency in the future, depending on the organizational and economic capabilities of the production process in service enterprises. "Labor efficiency" as a whole socio-economic concept combines such concepts as the basis of labor productivity and production efficiency for a fair comparison of the resources expended in the production of products in the service enterprises and the result achieved. Although the basis for increasing labor productivity is an increase in its productivity, the main goal cannot be achieved without achieving economic efficiency. For this reason, the basis of labor efficiency in material production consists of two concepts: social (socio-economic) and economic production. It is in service enterprises that the improvement of social outcomes leads to an increase in the level of quality of labor efficiency. The effectiveness of social outcomes requires an approach that does not deviate from the economic order, that is, decent work, including the availability of social and working conditions, decent wages, the development of physical and mental abilities and opportunities in the labor process, etc. Social outcomes include not only social but also economic benefits. These two, together, constitute a socio-economic effect. In this case, the use of the concept of socio-economic efficiency covers the various production processes in service enterprises and the relationships between them, collaborative work and its outcome. The socio-economic results of labor are usually inextricably linked with the principle of fairness: a fair distribution of human labor in proportion to the material benefits of the enterprise, which in turn provides the most important socio-economic effect in material production activities. On the one hand, justice (mainly in the distribution of labor results) is the main socio-economic factor in increasing labor efficiency in service enterprises. On the other hand, this situation allows to get rid of the use of production resources, unreasonable inequalities in access to them and restrictions on the use of manufactured products. Various quantitative expansion and qualitative improvement of labor results in the activities of service enterprises, at the same time leads to a reduction in total labor costs and efficient use of labor.

The real effect of labor in service enterprises depends on the ability to organize it as a specific labor activity. Productivity is the efficiency of the use of resources for the intended purpose of achieving the end result of labor. In the production of products that are the product of labor, man uses technology, as a result of which, on the one hand, the original natural product changes its appearance and becomes more suitable for consumption, and on the other hand, minimizes human labor and maximizes performance. For this reason, as human labor decreases, so does the amount of expenditure expended on it and the share of labor in output.

**Conclusions and suggestions.** As a result of research, we offer the following to increase labor efficiency in the country:

- Formation of a system of competitive personnel in service enterprises with high knowledge and skills and loyal to the traditions of teachers and students;
- Establishment of sincere friendly relations between management and personnel: this ensures mutual cooperation in achieving the goals of the enterprise and personnel;

- Introduction of a system of promotion or reassignment: this will ensure the training of staff and the training of highly qualified personnel;
- establishment of a quality control system: it will be possible to control and improve the quality of products and labor;
- Gradual introduction of a system of progressive organizational technologies to ensure the stability and continuity of production: it increases the chances of achieving production efficiency;
- Establishment of a system of remuneration of labor, taking into account the level of work experience and qualifications of employees: this will increase the motivation, potential, productivity and efficiency of staff ;
- The use of systematic incentives and additional incentives in the promotion of labor: this allows the staff to determine the exact result of work and provide appropriate incentives;
- Application of the system of participation in the income of the service enterprise: it increases the interest of workers in the development of the enterprise.

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