

# ESSENCE IMPROVING ORGANIZATIONAL-ECONOMICAL MECHANISMS AND MAIN INDICATORS EFFICIENCY OF THE HOUSEHOLD SERVICES SPHERE

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**Annotation:** This article describes on the basis of the author's scientific developments the main indicators of efficiency and essence improving the organizational-economic mechanisms of the household services sphere.

**Key words:** service, household service, organizational, economic, mechanism, enterprise, entrepreneurship, competition, efficiency, income, cost, profitability, profit, balance, working capital, labor productivity.

## Сущность повышения организационно-экономических механизмов и основных показателей эффективности сферы бытовых услуг

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**Аннотация:** В данной статье на основе авторских научных разработок описаны основные показатели эффективности и сущность совершенствования организационно-экономических механизмов сферы бытового обслуживания.

**Ключевые слова:** услуга, бытовое обслуживание, организационный, экономический, механизм, предприятие, предпринимательство, конкуренция, эффективность, доход, себестоимость, рентабельность, прибыль, баланс, оборотные средства, производительность труда.

**Introduction.** One of the characteristics of the changes taking place in the world economy today is that services are becoming a promising sector of a number of national economies that are developing rapidly and generating high incomes. Developed economies, which believe in the prospects of services and recognize the

need for rational use of its potential, are pursuing prudent macroeconomic policies and achieving effective results in boosting the national economy.

As a result of the development of the services sector, large-scale quantitative and qualitative changes are taking place, and as a complex sector, they have a strong impact on various spheres of public life. Services, as a phenomenon operating in a multifaceted and complex environment, in the process of its development is a means of solving many problems of many industries and sectors across the country's social development improving living standards and quality of life.

**Analysis of the literature on the subject.** Our research focuses on the fundamental study of the concept of domestic service, unemployment, employment, the organization of labor activity in a market economy number of scientific works of leading foreign economists such as J.M. Keynes [1], S. Hall [2] are devoted. These studies serve as a theoretical basis for studying the problems of labor organization in countries in the context of economic liberalization. The development of economics in this field was supported by scientists from the CIS countries N.A. Volgin [3], G.E. Genkin [4] et al. Scientific works of economists such as M.Q., Pardaev [5], M.M. Mukhammedov, K. J. Mirzaev [6].

To understand the specifics of this mechanism, we first want to explain the theoretical interpretation of the concept of "mechanism". Theoretical issues of the formation of economic mechanisms and the improvement of their functioning as an object of scientific research after the 50s of the last century, based on theoretical and practical analysis of the essence of "economic-mechanism", "organizational-economic mechanism" developed scientific conclusions, practical recommendations for the formation and improvement.

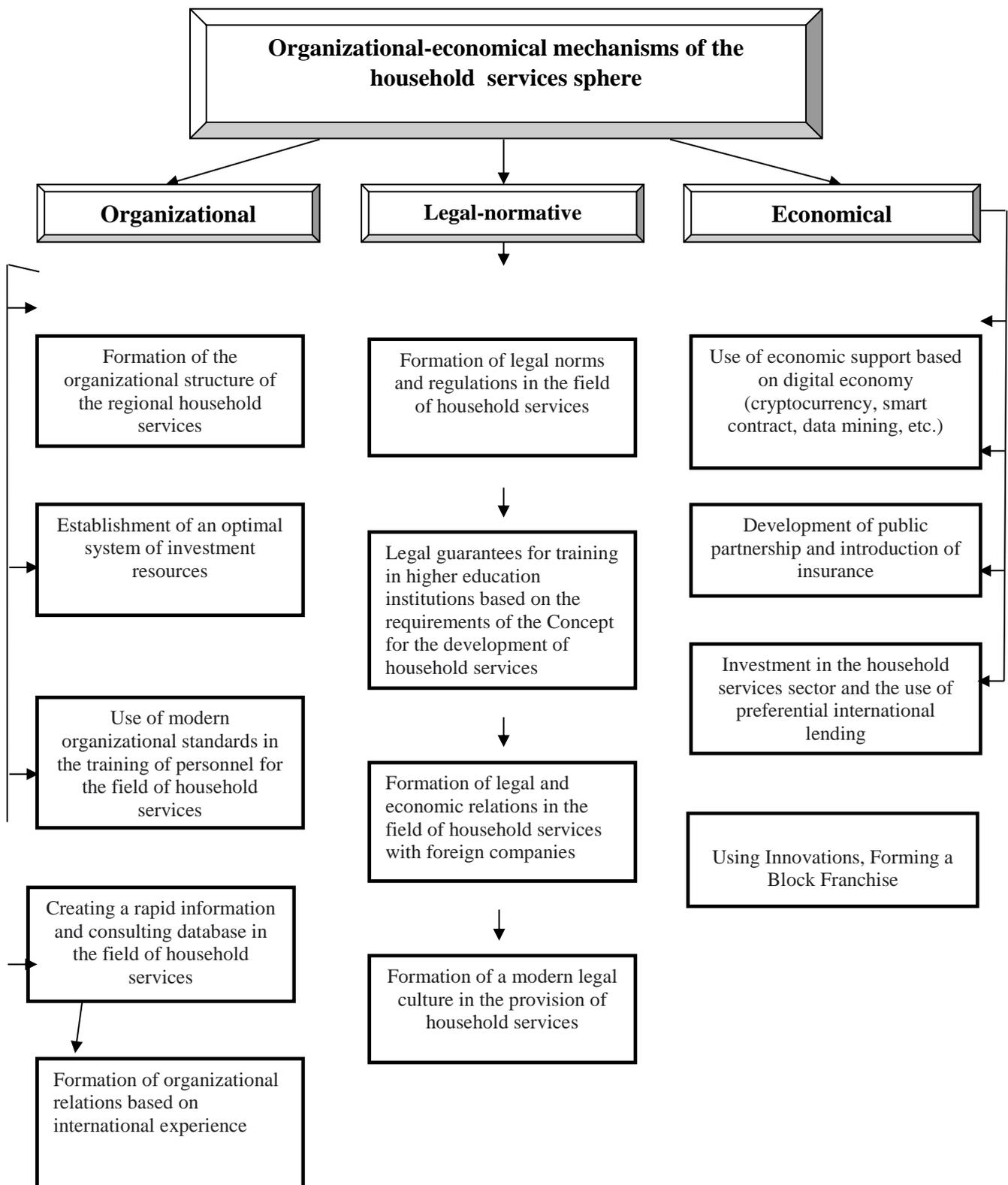
From the theoretical analysis of the scientific literature on the problem, we can conclude that economists have widely used such concepts as "mechanism", "organizational-mechanism", "economic mechanism". The concept of "mechanism" in the broadest sense (Greek. mechane - machine) means an instrument, apparatus, an internal device that drives a machine [7].

In economics the concept of “mechanism” is used figuratively, and its essence is interpreted as “ a sequence of events and processes that manifest as an action, as well as a structure, a system that determines the order of activity” [8]. According to some economists, the use of the concept of “mechanism” in the economy implies the formation of a system that provides regular management (economic, economic, organizational) in order to achieve a clear result of this activity. Also “ a mechanism is a specific sequence or set of economic events “[9].

The solution of the problem studied by economists in the scientific literature is based on specific social, economic, organizational approaches, and in the definitions of the concept of "mechanism" based on the historical stages of socio-economic development, different approaches can be observed in interpreting its essence.

In the definitions given by the above-mentioned scholars, the system is represented as a group of two elements as functional and supportive systems that interact with each other: “planning and forecasting, organization of social processes, economic incentives, price formation, financial and credit mechanism” or “management cost and performance accounting and standardization, economic, accounting responsibility and financial incentives, as well as organizational, resource and information support”.

**Research methodology.** Methods of analysis and synthesis, induction and deduction, periodicity, economic-mathematical modeling were used. Thus, the organizational-economic mechanism of the household services sector is a set of specific elements, forms and tools with the institutional content of the economic, social and organizational structure, which performs the task of forming and coordinating socio-economic relations between households in the services market through systemic interdependence. (Figure 1.) Based on the research, we propose the following organizational and economic mechanism in the field of household services [10].



**Picture-1. Organizational-economical mechanisms of the household**

## **services sphere<sup>1</sup>**

In studying the effectiveness of social production in the sectors of the economy, it is important to correctly understand and calculate its criteria and indicators.

In our opinion, in order to comprehensively study and understand socio-economic efficiency, which is one of the most important issues, it is necessary to develop separate criteria and indicators of social and economic efficiency. However, this does not mean that the criteria and indicators of social and economic efficiency are not interrelated. On the contrary, they are inextricably linked and complement each other.

If economic efficiency is not calculated and measured qualitatively, it will not be possible to carry out the work set for its steady increase.

The growth of economic efficiency is an objective law of development of any form of household services, because the development of society requires an increase in the volume and quality of services provided, increased savings for the implementation of treatment, expanded reproduction.

A comprehensive analysis of the economic efficiency of household services enterprises should not be limited to the inclusion of the efficiency criterion, as the criterion mainly reflects the essence and main tasks of efficiency improvement, but can not serve as a means of measurement and evaluation. This task is solved by economic efficiency indicators.

The complexity of the criteria for a comprehensive program for the development of the household services sector requires the need for indicators that describe its goals and resources. In our opinion, the household services sector in Uzbekistan is developing as well as modern sectors of the economy.

Accordingly, all social, economic and other aspects of the economic efficiency of economic entities operating in this area are reflected in the following criteria:

to fully meet the needs of households for services tailored to different segments;

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<sup>1</sup> Author's development

- Ensuring the popularity of services offered by businesses;
- Improving the efficiency of business entities;
- reducing the relative level of costs;
- Achieving high productivity in the industry.

These criteria are determined using indicators that reflect the efficiency of household services. In the economic literature, performance indicators are classified differently: by scale of assessment, by level of resource use, by the importance of indicators, by their role in decision-making, by the degree of generalization, and so on.

Specific indicators that characterize the economic efficiency of household services include indicators of labor resources, indicators of efficient use of material and financial resources.

In the system of economic efficiency indicators of household services enterprises, labor efficiency indicators have a special place. In our opinion, the level and dynamics of labor productivity (natural and value indicators) in household services enterprises; average wage; the ratio of the growth rate of the volume of services per employee and the rate of remuneration of labor; using a system of performance indicators obtained for one sum of wages, it is possible to have a broad description of the efficiency of the use of labor resources.

1. Labor productivity = the sum of household services / average annual number of employees,

2. Average annual salary = salary fund / average annual number of employees,

3. Employee share of total employees% = number of employees x 100 / total number of employees,

4. Profitability of the household fund% = enterprise profit x 100 / total annual consumption fund.

The growth of the volume (number) of services provided by household services enterprises is determined by an indicator of how much of the increase in labor productivity, how much is done by attracting additional resources (labor resources).

In the system of indicators of economic efficiency of household services enterprises, the indicators of efficiency in the use of material resources are as follows:

1. Return on funds = volume of household services / average annual amount of fixed assets,

2. Capacity of funds = average annual amount of fixed assets / volume of household services,

3. Funding rate = average annual fixed assets / average annual number of employees,

4. Return on funds = profit x 100 / average annual amount of fixed assets.

In the system of indicators of economic efficiency of household services enterprises, the indicators of efficiency in the use of financial resources are as follows:

1. Return on funds = volume of household services / average annual working capital,

2. Capacity of funds = average annual working capital / volume of household services,

3. Level of equipping with working capital (funds) = average annual working capital / average annual number of employees,

4. Return on working capital (capital) = profit x 100 / average annual working capital,

5. The share of working capital in total assets (%) = own funds of the household services enterprise x100 / total working capital of the enterprise.

For in-depth and comprehensive analysis of the efficiency of household services enterprises, in addition to specific indicators of efficiency, generalized indicators are also used. Generalized indicators include: profitability, relative cost, fund efficiency, all resources spent, fund efficiency and other indicators.

Profitability is one of the economic indicators of economic activity of household services enterprises. Profitability in the service sector is determined by the percentage of net profit to the sum of fixed assets and working capital of the enterprise.

$P = \text{balance sheet profit}$

$$\Sigma fa + \Sigma wk$$

*In here:*  $\Sigma fa$  - fixed assets;

$\Sigma wk$  – the amount of working capital      **(1.)**

For the efficient use of material and financial resources, it is advisable to use only labor force indicators. Because most of these activities are individual, it is difficult to determine the effectiveness of material and financial resources in them. After all, they are taxed at a single tax rate.

Therefore, financial accounting and reporting, as well as information on material resources are not provided to the statistics and tax departments. In this regard, we consider it appropriate to cover the effective use of labor resources in the field of household services.

In our opinion, social efficiency in domestic service enterprises is a set of measures related to ensuring the social development of employees in the service process. Man usually aims to lay the groundwork for all-round and harmonious development. Achieving the ultimate social goal of society is the main criterion of social effectiveness.

The second criterion of social efficiency in the sectors and industries of the economy is the reduction of household spending, which indirectly affects the growth of social production efficiency.

In the system of household services, social efficiency cannot be measured by a single criterion, because the criteria and indicators of social efficiency of the sector are not the same. If a criterion of social efficiency expresses its content and function, its indicators serve as a tool for measuring and evaluating efficiency.

**Conclusions and suggestions.** Household services provide an opportunity to save their free time, not only in meeting the needs, but also by targeting the formation of the needs of the population. At the current stage of development of market relations in our country, the large-scale development of small enterprises in the field

of household services will allow to develop entrepreneurship, increase additional income, increase employment and jobs, as well as provide non-standard employment.

Improving the efficiency of household services:

- implementation of structural changes in services;
- more complete consideration of the needs of the population;
- prevention of negative situations (secret activities) in the field;
- increasing the social significance of household services;
- Development of entrepreneurship in the field of household services;
- leads to the formation of new organizational structures in the field.

Improving the competitiveness of the household services enterprise will depend on measures to improve the quality of services. Household demand for service standards is constantly growing, and therefore achieving high quality of services is a key task of household service enterprises in the process of diversification of the economy.

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