

STAFF EFFICIENCY IN THE SERVICE SECTOR: PROBLEMS AND SOLUTIONS (ON THE EXAMPLE OF UZBEKISTAN)

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ABSTRACT	KEY WORDS
This article describes the problems of determining the effectiveness of employees in the service sector and shows the shortcomings of existing indicators. Also, new indicators are proposed and analysed that determine the efficiency of industry workers, and conclusions are drawn on the example of service sector networks.	service sector, labour productivity, GDP, wages, unemployment, economic growth, labour resources, demand, infrastructure, investment, natural resources, income.

INTRODUCTION

In any country that has risen to the level of a post-industrial society, the pace of development is primarily determined by achievements in the service sector. In Uzbekistan, in a short period of time, qualitative and quantitative changes have taken place in the service sector. For example, the share of services in the gross domestic product of Uzbekistan increased from 33.8% (1990) [1] to 38.8% (2020) [2], the share of services in consumer spending increased from 11.2% up to 17.8% [3], respectively. On May 11, 2021, Presidential Decree No. 5113 "On measures for the accelerated development of the service sector" was adopted in order to turn the service sector into a developed industry in the country. This decree provides for an increase in the size of the service sector by 2.0 times by 2023. Also, in the development concept of Uzbekistan, the task was set to increase the volume of the service sector to 57.0% of GDP by 2035 [4]. To achieve these goals and objectives, it is necessary to widely use the capabilities of the service sector, attract economic resources, including labour, and increase the efficiency of their use.

In an innovative economy, a certain part of the need for additional labour resources is covered by the growth of labour productivity of the employed. But research results show that the productivity of workers in the service sector is low. This, in turn, requires a systematic approach to the problems of increasing the productivity of workers in the service sector. To do this, we consider it necessary to effectively use the existing capabilities of the industry, as well as the labour of working employees. It is necessary to develop macro-indicators that reflect labour efficiency and create methods for their practical application.

LITERATURE REVIEW

Traditional methods for determining the effectiveness of service sector employees were studied by A.A. Pale [5]. In the scientific work of M. V. Ivashshishina [6], the definition of the efficiency of worker's labour is described in a completely different way, that is, according to such indicators as average age, health status, and the level of professionalism of employees. The researcher O.S. Chechina also pointed out in her works that it is possible to determine the effectiveness of the work of employees based on such indicators as the development of social infrastructure, the presence of favourable working conditions [7]. N.V. Fedotova, P.K. Fedotov and E.I. Zelinskaya, in their scientific papers, argued that efficiency can be determined by comparing the results of labour between workers in the industry. L.V. Sankova [9] believes that it is possible to determine the efficiency of employees' work based on the size of their wages. Research shows that there are new non-traditional methods for determining the effectiveness of employees, in contrast to the above methods. For example, the economist S. V. Kolesnikova, unlike the scientists mentioned above, approaches this issue in a new way and recommends using the understaffing indicator to determine the effectiveness of service sector employees [10]. In many literatures and scientific studies, the state of labour resources, the volume of investments, the level of provision with fixed assets, wages, and labour productivity in the provision of services are analysed. These indicators, included in the system of national accounts, are important when comparing the dynamics of changes in the volume of services over a specific period of time.

RESEARCH METHODOLOGY

When studying the problems of determining the effectiveness of the work of employees in the service sector, such methods of scientific research as abstraction, analysis and synthesis, induction and deduction, statistical grouping, monographic research, comparison, and others were used.

ANALYSIS AND RESULTS

A feature of the methods proposed by the above economists is that they considered the efficiency of their employees in a narrow framework. However, as you know, the service sector has great potential for the development of the country. This requires the effective use of the labour of employees in realizing their potential. Because from the point of view of the use of efficient resources in the formation of the gross regional product, the service sector is considered very important. The reason is that the value added in the production of goods is currently 42 percent, and in the service sector - at least 63 percent [11]. It follows from this that 1.5 times more value added is created in the service sector with the same volume of gross production of goods and services. Uzbekistan has not yet effectively used the possibilities of the service sector for the development of the country. The analysis also shows that the volume of gross services in Uzbekistan is only 616 US dollars per capita, which is 56 times less than in developed countries. It should also be noted that the share of the number of people employed in the service sector in the Russian Federation in the number of people employed in the economy is 53.8 percent, and the volume of gross services per capita is about 6 thousand US dollars (table 1).

Table 1 Volume created in the service sector in the countries of the world and Uzbekistan in 2021 *

№	Countries	Volume of GDP created in the national economy, USD billion	In the service sector		Number of jobs in the economy, million people	In the service sector		Population, million people	Volume of services per capita, thousand USD.
			Total, USD billion	Share in GDP, %		total, million people	share in the number of jobs in the economy, %		
1	Uzbekistan	116,2	21,5	35,9	14,3	7,1	50,1	34,9	0,616
2	USA	20338,6	15864,1	78,1	164,7	130,2	79,1	331,8	47,8
3	China	15801,9	8027,7	54,5	792,1	375,5	47,4*	1412,3	5,6
4	Russia	1490,8**	834,7	56,3	71,7	38,5	53,8	143,4	5,8
5	Germany	3535,2	2435,2	63,3	43,8	30,1	68,9	83,1	29,3
6	France	2579,2	1871,8	71,2	30,9	23,9	77,4	67,5	27,7
7	Italy	1861,3	1259,4	66,6	24,9	17,5	70,1	59,1	21,3
8	Japan	4433,8	2806,5	63,3	68,2	47,3	69,3	125,6	22,3
9	Kazakhstan	214,1	95,9	56,2	9,2	5,6	61,1	19,1	5,1
10	Tajikistan	8,7	2,8	35,2	2,4	1,0	43,7	9,7	0,297

*Source: https://ru.theglobaleconomy.com/rankings/share_of_services/

*<https://regnum.ru/news/2972959.html>

**https://data.worldbank.org/indicator/NY.GDP.MKTP.KD?locations=RU&most_recent_value_desc=false

In our opinion, we can conclude that the main reason for this is that the labour of the employees of the sphere was not used effectively for the development of the country. As a rule, the efficient use of labour resources is a necessary condition for the development and growth in the development of the national economy of any country and the acceleration of economic growth. The experience of advanced economies has shown that the presence or absence of natural resources cannot be a major impediment to economic growth. The experience of countries that are very rich in natural resources but do not have high rates of economic growth can serve as proof of the correctness of our opinion. The quantity and quality of natural resources determine the potential of the country's national economy. But the realization of the existing potential and opportunities, that is, their transformation into real results of the growth of the gross domestic product produced in the country, ensuring the abundance of goods and services, is carried out only with the direct participation of the labour force, which has a great influence on the production process. For this, it is advisable to develop new methodological approaches that include factors that affect the work of employees in the service sector. Because the existing methods for determining the effectiveness of employees in the service sector do not meet today's requirements.

The performance of service workers can be measured in two ways:

- ✓ as one of the components of the national economy of the country (at the macro level);
- ✓ as personnel in a separate enterprise (at the micro level).

To determine the efficiency of labour, the results of labour (products and services) are compared with labour costs. Labour productivity is determined by comparing the volume of output with the number of employees or a certain period of time. The costs of manufactured products are divided into the

following types: equipment, premises, electricity, materials, labour and other costs. A special place among them is occupied by labour costs. Labour costs include employee training, experience, retraining and other similar costs. In some cases, for example, the expenses of an employee for listening to music, holding cultural and entertainment events, working on themselves, gaining independent experience, playing sports, communicating with industry experts, participating in various meetings are not included in labour costs. However, they play an important role in increasing the activity of the employee and providing quality services. Also, the employee uses certain services (transport services, communication services) to arrive at work on time and in a good mood. The employee's expenses for the use of these services should be included in the cost of goods produced or services rendered. In a post-industrial society, the physical and creative abilities of a person, including knowledge and skills, determine the production potential. The formation in a person of such qualities as qualifications, skills and their subsequent use in the production process to achieve high results, of course, requires certain costs. Investments aimed at improving the quality of labour resources will give several times higher financial results compared to other resources needed for production. But in the conditions of socio-economic systems, based on the purpose of society, the essence of labour efficiency is changing. That is, the costs are borne by the employees, not included in the cost of services.

In a post-industrial society, a person becomes the driving force of economic development. The mood, well-being, calmness, enthusiasm of employees play an important role in achieving the goals and objectives. For this reason, the work of employees should be properly encouraged. Using the recommendations of the above economists, we propose to use the following formula to calculate the efficiency of service industry employees:

$$Ms = \frac{Mu}{Q + (Q \cdot 0.25)}$$

Ms - labour productivity;

Mu - labour productivity in the service sector;

Q - average wages in the service sector;

The advantage of this formula, which we recommend, is that it reflects the employee's performance and expenses. Another important aspect is the widespread use of certain types of services used by the employee in the process of providing services (increasing the volume of services and improving their quality). For example, expenses for certain activities, such as transportation, entertainment and recreation, are also included in expenses. In our calculations, the cost of using these types of services amounted to 25% of the total cost (we studied the cost structure for employees and calculated based on this by timing). However, this figure varies depending on the increase in employee costs for some of the activities used in the service process.

The labour efficiency index calculated using this formula can have a value equal to 1 ($Ms=1$), greater than 1 ($Ms>1$) or less than 1 ($Ms<1$). If $Ms=1$ (with labour productivity and wages unchanged), wages will increase by one percent for a one percent increase in output. Equality of labour efficiency ensures the stable work of the employee. In such a situation, the volume of services will not increase, the quality will not change, and new jobs will not be created.

If $Ms>1$, the enterprise is assessed positively, the volume of services in the industry increases, the rate of price growth stabilizes, the inflation rate decreases, it becomes possible to create new jobs, introduce new types of services and stimulate employees. On the other hand, economic interests between employer and employee are violated.

If $M_s < 1$, this indicates that labour productivity is growing at a slower pace than labour costs, as well as that the volume of costs in the industry is increasing, and the potential of employees, fixed assets and other resources are used inefficiently. In the future, this situation leads to a decrease in employment and an increase in the number of unemployed.

In the proposed formula, the result of labour efficiency ($M_s = 1$, $M_s > 1$ or $M_s < 1$), equal to 1, more than 1 or less than 1, is good from the point of view of the enterprise, or, say, from the point of view of the state. It is important for an employee to find a certain break-even point of the result if it represents a decrease in his socio-economic interests or vice versa. Therefore, we suggest that the result of " M_s " be equal to $M_s = 0.7$ or $M_s = 0.8$. Because there is a norm in the ratio between labour productivity and wages. Studies have found that "it is desirable to increase labour productivity by 1% and increase wages by 0.7-0.8%" [12]. From this point of view, we found that the result in the recommended formula should be around 0.7 or 0.8. In this case, there is no conflict of interest between the employer and the employee. On the other hand, the employee uses all his possibilities to cover his expenses in the process of providing services (receiving monetary compensation for good work), strives to use economic resources efficiently. This, in turn, allows the creation of new jobs in the industry.

Using the formula recommended above, we calculated the performance of employees in service networks.

Table 2 Performance indicators of employees in the service sector in Uzbekistan*

Service networks	Year				Change 2020 compared to 2019 (+;-)
	2017	2018	2019	2020	
Wholesale and retail trade, car and motorcycle repair	0,5	0,6	0,6	0,6	X
Accommodation and food services	0,4	0,4	0,4	0,4	X
Transportation and storage	1,0	1,0	1,0	1,0	X
Information and communication	2,3	2,2	2,0	2,3	+0,3
Financial and insurance activities	3,2	3,3	3,4	4,3	+1,0
Education	0,9	0,9	1,0	0,9	-0,1
Provision of medical and social services	0,7	0,8	0,9	0,9	X
Arts, entertainment and recreation	0,5	0,7	0,8	0,8	X
Other types of services	0,1	0,1	0,1	0,1	X

* Source: calculated by the author based on data from the State Statistics Committee of the Republic of Uzbekistan.

The calculations showed that the efficiency of employees in the service sector in Uzbekistan is more than the norm we proposed, and some have less by 0.7 and 0.3 points. For example, in 2020, the efficiency of employees in the service sector in the wholesale and retail trade, the network for the repair of motor vehicles and motorcycles increased by 0.1 points compared to 2017. But this is less than the established norm by 0.2 points. The performance indicators of the employees of the residential and catering network are also 0.5 points lower. As mentioned above, this situation indicates that the potential of employees, fixed assets and other resources in the network is used inefficiently, and this process cannot be assessed positively. On the other hand, the performance of providers of information and communication, financial and insurance services in the service sector differs slightly from the performance of other sectors of the industry. For example, the efficiency index of information and

communication service employees is at least 2, or, say, the efficiency index of financial and insurance services employees is 2.6 times higher than the norm. This state can be assessed positively. Because, on the one hand, the volume of services in the industry is increasing, price growth rates are stabilizing, inflation is decreasing, it becomes possible to create new jobs, introduce new types of services and stimulate employees. On the other hand, there is a conflict between the economic interests of the employer and employees. That is, in such a situation, the employee seeks to demand from the employer to further improve working conditions, reduce working hours, increase wages and other similar benefits. And the efficiency of employees in the service sector for transportation and storage is 1. This situation hinders the rapid development of the service sector. Because in such a situation, stable work of employees is ensured. But the volume of services in the sphere will not increase, the quality will not change, new jobs will not be created. Therefore, the effectiveness of the employees of this network cannot be assessed positively. This situation can be observed in the educational network of the service sector. Although in 2017 and 2018 the efficiency of staff in the learning network was 0.9, by 2019 this figure was 1, and in 2020 it was again 0.9. In the rest of the service sector, including health and social services, arts, entertainment and recreation, labour productivity is close to normal. However, this network also increased by 0.1 points from the norm established in 2020. Therefore, it is necessary to develop measures to increase the volume of services in this network. The effectiveness of other types of services of network employees is less than the established norm by 0.7 points. The results of the analysis carried out during the study showed the instability of the effectiveness of employees in almost all sectors of the service sector. This situation does not correspond to the essence of this sphere in the process of transition to the post-industrial stage of socio-economic development, its position and significance in the national economy, its requirements for the implementation of the huge tasks set for the sphere in the future. Thus, the problem of improving the efficiency of the industry's employees is becoming increasingly acute. To solve this problem, it is necessary to correctly and effectively use the available opportunities.

CONCLUSION/RECOMMENDATIONS

We concluded that raising the wages of employees in the general service sector in line with performance is of paramount importance, expanding some sectors of the industry, including healthcare, social services, finance and insurance, education, tourism, accommodation and catering services. It is the development of these types of services and the use of the national wealth and experience accumulated over many years in the field of providing employment to the population that will increase the volume of gross services in the country. The following proposals were also developed to determine the effectiveness of employees in the field:

- firstly, it is proposed to use formula 1 when determining the effectiveness of service sector employees;
- secondly, it is desirable to ensure that the efficiency results of service employees are around 0.7 or 0.8.

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