



## EFFICIENCY OF LABOR POTENTIAL

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### Abstract:

The importance of the human factor in increasing production efficiency is constantly linked to the growing importance of every labor potential that society has. Therefore, special attention is paid to the analysis of the correct placement of personnel in enterprises. In this process, the main focus is on their rational distribution, use in terms of quantity and quality. The purpose of such an analysis is to find resources to improve the use of labor potential of production through the rational placement of personnel.

The article describes the essence of labor potential, the system of indicators that represent it. It also analyzes the indicators of labor potential on the example of the enterprise. Recommendations for improving the effectiveness of management in the field of labor potential are given.

**Keywords:** labor potential, indicators characterizing the state of labor potential, turnover of labor potential, availability of labor potential, labor intensity, efficiency of labor potential, usefulness of labor potential

### Introduction

The system of production of industrial enterprises plays a special role in ensuring the effectiveness of structural reforms in the economic system of the country. This is because industrial enterprises play an important role in the development of the economy. Projects implemented in the light industry allow to provide textile enterprises with modern equipment and technologies, as well as to further increase the production of quality clothing.

Industrial enterprises is the efficient and rational organization of the production process using the elements of production (machinery, equipment and other labor





devices) with a live labor process. The main purpose of the organization of production in industrial enterprises is to make the best possible use of material, labor and financial resources allocated for the enterprise, to manage the planned tasks with the best performance.

A number of decrees of the President of the Republic, reports at various meetings, resolutions of the Cabinet of Ministers perfectly reflect the measures aimed at developing the activities of industrial enterprises, the effective use of production capacity.

In particular, in the decree “On the development strategy of the new Uzbekistan for 2022-2026”. “The volume of production and export of textile products in 2022 - 2026 It is planned to develop and implement a program of reproduction in the coming years . This includes: deep processing of yarn ( establishment of complete processing of yarn by 2026 ), the formation of a list of projects aimed at filling the existing gaps in the production chain ; Development of national brands for finished products and increase their exports, including the volume of exports of finished products of national and foreign brands in 2026 up to 5 billion US dollars; creation of jobs for 570 thousand people in this field, according to the needs of the ongoing projects, the Tashkent Textile Technopark and other relevant universities will train qualified personnel for the industry.

At the same time, increasing the efficiency of the use of labor potential is one of the main requirements of a market economy. The production of material goods and the provision of services consist of two necessary components: on the one hand, material resources (raw materials, equipment, etc.) and, on the other hand, human resources, that is, personnel with professional skills and knowledge. In other words, human resources, which are part of the country’s population, are manifested not only as material resources but also as a factor in economic development. The use of labor potential in enterprises and its constant increase is a topical issue.

### **The Main Part**

“Labor potential” The concept has been in use since the 70 and 80 years of the twentieth century. It arises as a subject of human needs and interests in the field of labor. As a factor of emergence, it arises from the need to activate the individual factor opportunities and use them effectively.

One of the main demographic sources of the formation of rational employment of the able-bodied population is the expansion of its economically active part. The economically active part of the population includes employees, independent individuals and entrepreneurs employed in enterprises with various organizational,





legal and economic forms of ownership, able-bodied (including unemployed) able-bodied, unemployed population. All of this constitutes labor potential.

Labor potential - the capacity of society in the field of labor, which includes all citizens who are physically able, educated, professionally qualified, able to participate in production.

labor potential is characterized, first of all, by improving the use of working time, reducing its content, and the rhythm of co-operative production in factories and industries is closely linked with rapid development, labor health measures.

A system of indicators is used to assess and analyze work capacity. These indicators belong to different groups economically, because they represent one or another aspect of labor potential.

All indicators of labor potential are divided into three groups depending on the economic content:

1. Indicators of the state of labor potential.
2. Indicators of employment potential.
3. Indicators of labor potential efficiency.

The classification of these indicators and their content are given in the following diagram.

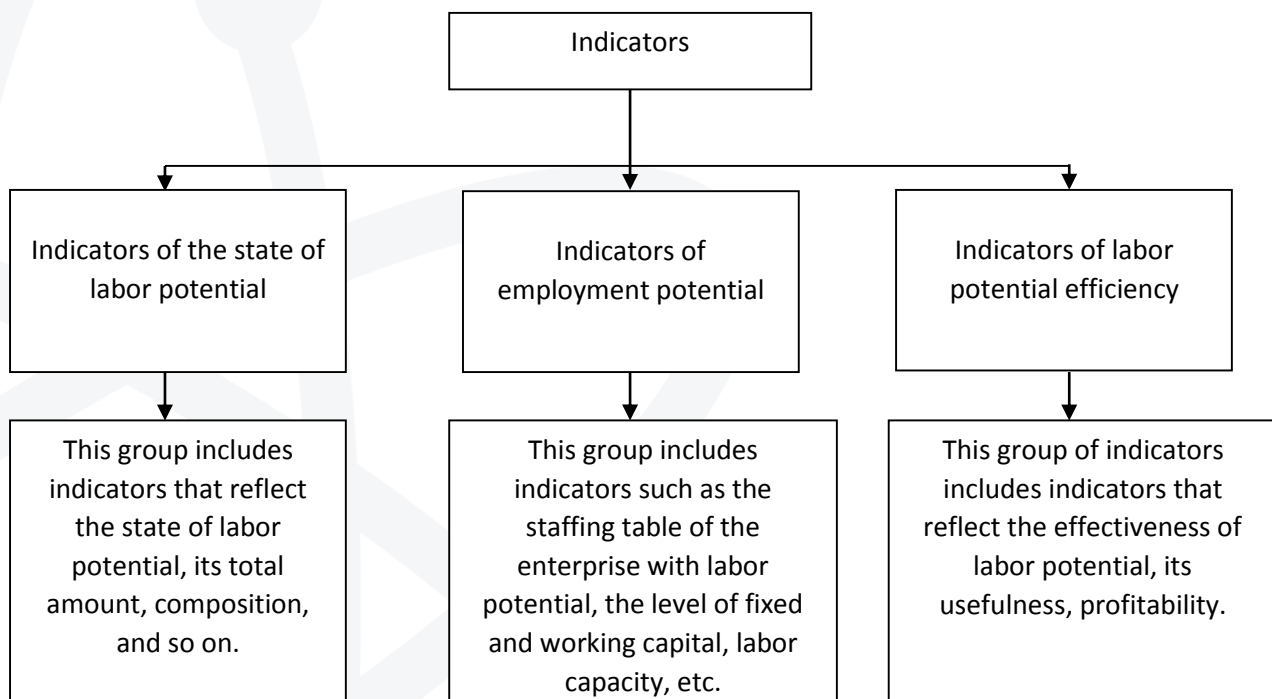


Figure 1. A system of indicators representing labor potential (Lp).

Indicators of labor potential In an enterprise, it is possible to know important indicators such as its condition, the dynamics of change, turnover and turnover. In the context of market relations, employee turnover and dissatisfaction are also



important, as they reflect such important aspects as unemployment prevention, increasing efficiency, and increasing employee experience.

We determine these indicators using practical data and draw appropriate analytical conclusions.

Table 1 Indicators of labor potential in “Tukimachi” LLC

No	Indicators	2017	2018	2019	Rate of change, ratio of 2019 to 2017, %
1.	Average annual number of working capacity, per person	112	115	138	123.2
2.	Including highly educated professionals, man	20	20	22	110.0
3.	Their share,% (2 l * 100: 1 l)	17.86	17.39	15.94	89.2
4.	Number of workers, person	105	106	128	121.9
5.	Share of workers,% (4 l * 100: 1 l)	93.8	92.2	92.8	98.9
6.	Recruits, man	10	28	17	170.0
7.	Dismissed, man	7	5	8	114.3
8.	Including those dismissed on negative grounds, person	4	3	5	125.0
9.	Labor potential turnover, coefficient ((6 l + 7 l): 1 l)	0.152	0.287	0.181	119.1
10.	Unsatisfactory labor potential, coefficient (8 l : 1 l)	0.036	0.026	0.036	100.0
11.	The number of employees who have worked in this enterprise for more than 3 years, per person	10 4	10 6	111	106.7
12.	Labor potential stability, coefficient (11 l : 1 l)	0.929	0.922	0.804	86.5

From the data in this table, it can be seen that the indicators of labor potential in “Tukimachi” LLC and all related indicators in 2019 were different from 2017. For example, the average annual growth rate of the working capacity is 23.2 %, while the number of specialists with higher education is 10.0 %. However, the share of highly educated professionals in the total staff decreased by 10.8 %. This indicates a small number of highly educated professionals in the recruitment in 2018. The number of workers has grown in line with labor potential. Its growth rate is 21.9 %. However, their share in the enterprise decreased by 1.1 %.

Employee turnover in 2019 increased by 19.1 % compared to the previous 2017. As a result, the stagnation of labor potential in the enterprise has decreased. In 2017, the share of those who worked for more than 3 years was 93 percent of all employees, while in 2019, the figure was 80.4 percent. This figure is definitely a negative sign. But



when we analyze the recruits in more depth, there are no employees with almost few advantages, for example, those who have the skills to work in advanced technologies, those who are highly qualified, those who are experienced.

In the system of indicators of labor potential in industrial enterprises, there is a special place for indicators that characterize their provision, because if the labor potential is not sufficiently provided, any process may not take place as normal. If too much is provided, it can lead to excessive costs for the enterprise. Therefore, the identification, evaluation and analysis of this group of indicators is important in the context of market relations.

Table 2 Indicators of employment potential in “Tukimachi” LLC

No	Indicators	2017	2018	2019	Rate of change, ratio of 2019 to 2017, %
1.	Number of labor potentials according to the state schedule, at the beginning of the relevant year, person	109	110	126	115.6
2.	The number of actual labor potential, at the beginning of the relevant year, per person	112	116	131	117.0
3.	Level of employment of the staffing table with labor potential, % (2 l: 1 l * 100)	102.8	105.5	104.0	101.2
4.	Product capacity, thousand sum	2650000	2850000	3000000	113.2
5.	Average annual amount of labor potential, person	112	115	138	123.2
6.	Labor capacity, number of employees per one million sum of product, person (5 l: 4 l)	0.042	0.040	0.046	109.5
7.	Average annual value of the active part of fixed assets, thousand sum	1350210.4	1435410.3	1579585.9	117.0
8.	Average annual value of working capital, thousand sum	2841230	3050380	3142150	110.6
9.	Armament of labor potential, thousand sum (7 l: 5 l)	12055.5	11862.9	11446.3	94.9
10.	Working capital provided with working potential, labor potential corresponding to one million sum of working capital., person (5 l: 8 l)	0.039	0.038	0.044	112.8

According to this table, the level of staffing in the company in 2019 increased by 1.2 percentage points compared to 2017, so in 2017 this figure was 102.8 %, in 2019 it was 105.5 %. The majority of those who apply to the labor exchange for a job in this region. In 2019, labor capacity increased by 9.5 % compared to 2017. This is not a good indicator. Indicates an increase in the number of employees engaged in the production of a certain amount of product. Armed capacity of labor also decreased in 2019 by 5.1 % compared to the previous year. This is not a satisfactory indicator for the company. Indicates a decrease in the level of staffing of fixed assets. This situation



cannot be justified at this time. Now, as noted above, the level of armament of labor must be steadily increasing. Only then can every business entity achieve high productivity. The level of employment of working capital in this enterprise has increased. The figure rose from 0.039 in 2017 to 0.044 in 2019, an increase of 12.8 percent. This figure also does not indicate a sufficiently positive situation. Because in 2019, the volume of live labor has increased relative to the amount of labor packaged. These are not possible without affecting the decline in labor productivity.

Effective use of labor potential is very important for the enterprise. Because the more productive the labor, the higher the economic performance. Therefore, the assessment and analysis of labor potential efficiency is of particular importance.

Labor potential efficiency is also based on the general principle of efficiency, i.e. to determine it, the result (Q) must be divided by the value of labor potential (Lp). But in different areas, the result can also be measured with different indicators.

We analyze the effectiveness of labor potential in “Tukimachi” LLC. To do this, we create the following table (Table 3).

Table 3 Indicators of labor efficiency in “Tukimachi” LLC

No	Indicators	2017	2018	2019	Rate of change, ratio of 2019 to 2017, %
1.	Product capacity, thousand sum	2650000	2 850000	3000000	113.2
2.	Gross income, thousand sum	312575.0	316660.6	404690.2	129.5
3.	Net profit, thousand sum	38477.3	49240.0	54094.9	140.6
4.	Average annual amount of labor potential, person	112	115	138	123.2
5.	labor potential efficiency, i.e. labor productivity, thousand sum (1 l: 4 l)	23660.7	24782.6	21739.1	91.9
6.	labor potential profitability, thousand sum (2 l: 4 l)	2790.8	2753.6	2932.5	105.1
7.	Utility of labor potential, thousand soums (3 l: 4 l)	343.5	428.2	392.0	114.1

From this table, it can be seen that the volume of production at the enterprise in 2019 increased by 13.2 % compared to 2017. However, gross profit and profit increased significantly in 2019 compared to 2017. The growth rates of these indicators were 29.5 and 40.6 percent, respectively. Labor profitability increased by 5.1 % and labor potential profitability by 14.1 %.



However, the growth rate of labor potential has doubled compared to the growth rate of output, ie in 2019 the growth rate compared to 2017 was 23.2 %. As a result, labor productivity at the enterprise in 2019 decreased by 8.1 % compared to the previous 2017.

Of course, this did not happen by itself. This was due to a number of factors. In the analysis process, it is important to determine which factors have affected which indicator to what extent. Therefore, in factor analysis, it is important to identify the factors that affect each of them and also to prove how they affected the other indicators. This is because economic processes and the indicators that reflect them are also inextricably linked.

However, an indicator can be considered a factor in the second case if it is considered as a result in the first place in the analysis process.

According to the results of this analysis, the increase in the number of employees at Tukimachi LLC had a negative impact on its profitability. The main reason for this is the increase in live labor from the labor packaged in the enterprise. As the number of employees increased and the level of provision of them with fixed assets also increased, labor productivity would increase further and as a result each element would have a positive impact on the efficiency of labor potential.

As long as the employee works in the organization, in the enterprise, he wants to move forward only in the future, to achieve successful results. When it comes to recruitment, it faces problems as we mentioned above in the work process. This will have a negative impact on its future development. We can add to them:

- approach to the previous candidate, not the rules in the interview with the prospective employee;
- Evaluation of the prospective employee on the basis of appearance, social background;
- Ineffectiveness of conversations;
- Do not understand each other well with the new employee, do not allow him to behave freely;
- Separation of previous employees in the process of hiring a new employee, giving priority to their own people;
- The enterprise and organization are not in the imagination of the employee;
- Lack of working and leisure conditions at the enterprise;
- Low level of cultural services to employees;
- Low level of wages, incentives;
- In general, the social infrastructure of the enterprise and organization is not organized rationally;





- Loss of interest in work after the above.

## **Conclusion**

Today, many workers in the industrial sector are engaged in folate. However, the system of personnel management in enterprises is lagging behind. The reasons for this are:

- Negligence in the recruitment process, or improper and inefficient organization of interpersonal relationships;
- Incomplete study of information on new staff;
- Delays in the formation of personnel management methods in accordance with modern requirements;
- The presence of unsatisfactory conditions in the organization of work processes of employees;
- Negative mental environment in team management;
- Not allowing managers and employees to work as a team;
- Not educating employees in the spirit of having an independent place in the enterprise;
- There are shortcomings in the motivation of employees to work;
- the negative impact of the use of obsolete technologies in the organization and management of production processes by employees on economic results;
- Problems related to the use of modern office equipment that employees can use in the work process and the cost of training on them.

These problems in enterprises have a negative impact on ensuring the effectiveness of personnel management or increasing its efficiency.

To increase the efficiency of labor capacity management in industrial enterprises, we recommend the following:

- Improving the administrative structure of management, the excess of which is the optimization of the number of management departments. Maintaining constant innovation in the production process of managers, the use of innovative leadership.
- Managing employees in the spirit of dedicating their workforce to the generalization of the organization, resulting in a certain social benefit in the organization, and hence a certain level of social efficiency.
- Proper distribution of powers among employees;
- The employee must always be properly monitored to ensure that he or she receives benefits commensurate with his or her work. Social effectiveness can be provided in the form of incentives for staff only when the organization's existence is considered sustainable and it receives the benefits that allow it to demonstrate that incentive.







- The more the internal environment of the enterprise is based on the principles of respecting, caring for and providing qualified assistance to employees in all respects, the higher the productivity will be.
  - To give man the freedom, the ability to create, and the opportunity to work, to demonstrate his ability to produce and be creative. This will have a positive impact on the achievement of the company's goals, as employees will discover new facets.
- The implementation of the above measures will increase labor productivity in the economy, improve the processes of labor capacity management in enterprises and increase efficiency. We believe that it will make a great contribution to improving the social and material living standards of workers.

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