PRODUCTION EFFICIENCY ANALYSIS

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Abstract: *The article covers the concept of "Social efficiency" and other types of efficiency, which reflects the level of satisfaction of all sets of needs and is closely related to the standard of living of the population, content and working conditions.*

Social efficiency of production is the ratio of the obtained favorable social results to the costs of achieving them. It reflects the degree of satisfaction of the entire set of needs and is closely related to the standard of living of the population, the content and conditions of work, the state of the human environment and the extent of free time.

The social effect comes down to a reduction in the length of the working week, an increase in new jobs and the level of employment of people, improvement in working and living conditions, the state of the environment, general safety of life, etc. The social consequences of production can be not only positive, but also negative (the emergence of unemployment, increased inflation, etc.).

Technological efficiency is one of the indicators characterizing the technological method of production. A method is recognized as technologically effective if there is no other method that would use a smaller amount of at least one of the factors and no more of any of the others to produce a given volume of products. Technological efficiency is necessary, but not sufficient to ensure that production is carried out at the lowest cost (for cost-effective production).

The concept of "technical efficiency" characterizes the physical volumes of production. Technical efficiency is the maximum possible output achieved by using available resources. [7]

This is manifested in the fact that economic efficiency reflects the state of technological efficiency, and changes in economic efficiency are the basis for solving social problems. As for social results, they, in turn, have a decisive influence on the dynamics of economic and technological efficiency. Without technological advances, economic efficiency and the solution of social problems are impossible, and the degree to which social issues are resolved serves as a factor in the dynamics of economic and technological efficiency of production.

Also, the classification of types of production efficiency occurs according to

the following parameters (Figure 1.2):

— by consequences - economic, social and environmental;

—according to the place where the effect is obtained – local (self-supporting) and national economic;

According to the purpose of definition - absolute and comparative. Absolute efficiency characterizes the overall or specific (per unit of costs or resources) efficiency of an enterprise for a certain period of time. Comparative efficiency is calculated and analyzed when justifying the production, economic, technical and organizational decisions taken, in order to select the best (optimal) from alternative options. Comparative efficiency reflects the results of comparing possible management options and choosing the best one; the level of comparison of efficiency characterizes the economic and social advantages of the chosen option for implementing business decisions (directions of activity) in comparison with other possible options;

— according to the degree of increase (repetition) - primary and multiply (multiple-repeating). Primary efficiency is the initial one-time effect obtained as a result of the production and economic activities of an enterprise (organization), the introduction of profitable technical, organizational or economic measures. The multiplier effect manifests itself due to the fact that primary (initial) efficiency is almost always repeated and multiplied due to the repeated use of appropriate innovative activities not only at this, but also at other enterprises.

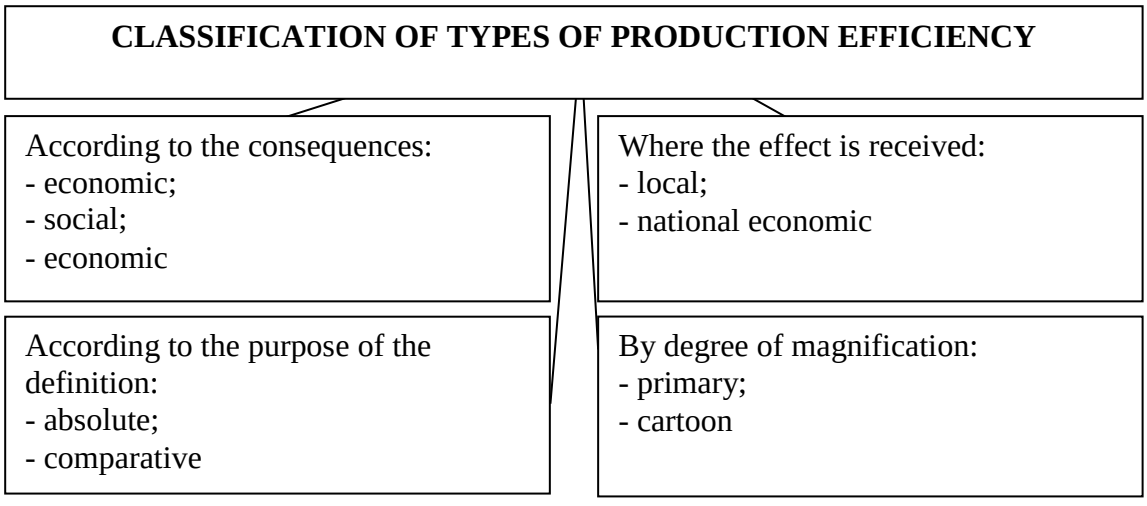

Figure 1.2–Classification of types of production efficiency

The diffusion effect is realized in cases where innovations penetrate into other industries (areas of activity), as a result of which they multiply (increase, multiply).

A resonance effect occurs when an innovation stimulates the development of new phenomena in the production sector (for example, the emergence of synthetic fibers led to the production of new types of fabrics, and this in turn stimulated the sewing of new types of clothing).

The “starting explosion effect” is a specific chain reaction in the future. It is possible provided that a certain initial explosion becomes the beginning of a subsequent avalanche-like increase in the effect in the same or another branch of production or activity. An example of such an effect is the use of economic and mathematical methods and models in management, science, and production. [7]

Synergistic efficiency (from the Greek Syneqros - together) is the combined impact of a set of innovations on the financial and economic state of a business entity, when the total (total) effect exceeds the sum of the results of the impact on the production (activity) of each innovation separately, i.e. Each individual innovation enhances the impact of all others.

There is another division of the indicators of the production efficiency system, here they are divided into two large groups that characterize the significance - these are the main and additional indicators. The main ones are generalizing and express the result of the activity. Additional are functional indicators that express much more specific aspects of production, due to which they are used in the analysis for targeted correction of weaknesses in the analyzed production.

Production efficiency is one of the key categories of a market economy, which is directly related to achieving the ultimate goal of the development of social production as a whole and each enterprise individually. In its most general form, economic efficiency of production is a quantitative ratio of two quantities - the results of economic activity and production costs. The essence of the problem of increasing the economic efficiency of production is to increase economic results.[4]

Efficiency is what any company strives for, since effectiveness means achieving its goals.

Performance measurement can be considered a type of management control. Organizations have systems to control costs, prices, information, decisions, financial performance, production, inventory, quality, etc. The main thing is to correctly analyze all the indicators necessary for analysis, do this systematically and build a clear trend during the analyzed period, then it will be easier to identify and eliminate weaknesses in production and increase your efficiency.

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