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THE THEORETICAL APPROACH TO INCREASING PRODUCTION EFFICIENCY

Summary

The article examines the scientific approaches of a number of researchers to production, reproduction, historical types of production, and production efficiency. Also, certain aspects of achieving the acceleration of social and economic development of the economic entity based on the increase of production efficiency were investigated and determined.

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Intradaction

Production is the purposeful productive activity of humans. Through production, material goods suitable to human needs are created. To create goods that meet human demands, we rely on nature. Therefore, production is a purposeful activity aimed at preparing these goods, driven by the reciprocal interaction between humans and nature to satisfy human demand for material goods.

Production is the process of preparing material wealth and services, affecting natural objects of society members and adapting it to the appropriate rule for material demand payment. More precisely, production is the direct manufacturing process of natural objects. Perpetual, uninterrupted, mutual, and sequential renewal of economic relations refers to repeated production. Each social production is also a form of reproduction. Reproduction, as a rule, encompasses the production, distribution, exchange, and consumption phases. Since the purpose of each production is related to consumption, each consumption also necessitates the occurrence of production. Therefore, there exists a mutual relationship between production and consumption.

Public and reproductive production are closely related concepts in a specific sense. Reproductive production primarily refers to the collective production of individuals before anything else. Therefore, it is unfounded to understand material reproduction and all forms of public beneficial labor solely under the name of public production.

Some approaches to production efficiency.

Some researchers argue that the concept of social production should not only include the results of material production, but also the consequences of socio-economic relationships among people. These relationships primarily arise in material production and subsequently extend to non-production sectors in various forms. The nature and reasons for the spread of economic relationships into this field are determined by their relative dependence on material production, the operation of economic laws and relations extending to all sectors of society, as well as the possession of these relationships within a certain system of relationships, etc. In general, the process of reproduction is an uninterrupted enterprise or economic activity process in society, consisting of the following stages. When discussing reproduction, it is customary to provide information about its types. The initial type of reproduction is simple reproduction, which is a repetition of the production process on the previous scale, aiming for the consumption of all obtained incomes towards personal consumption at the final stage. Extensive reproduction aims to

constantly increase the reproduction process. In this case, a portion of the obtained incomes is directed towards additional production factors, while the other portion is aimed at personal consumption. Extensive reproduction is its initial measure, reflecting the expansion of production scale through the attraction of additional economic resources. By attracting additional labor and capital resources beyond previous technology and the existing skills of workers, the scale of production is broadened. This means that each additional unit of output obtained leads to an increase in the supply of additional necessary resources. However, expanding the scale of production to such an extent cannot continue indefinitely, considering that economic resources are limited in this sense. Therefore, in many cases, the main development path under conditions of extensive reproduction involves increasing the number of employed individuals, extending working days, increasing substantial capital investments, reclaiming new beneficial land areas, strengthening the production industry, discovering new energy sources, etc. Conducting production in this manner carries a fully purposeful character. In other words, the increase in the scale of extensive reproduction leads to an increase in the volume of resources allocated per unit of output. If such production development continues for a long period, the cost of resources obtained each year will inevitably be significantly higher compared to previous years. Therefore, society will spend limited resources to obtain relatively fewer, yet significantly more expensive goods and services. This progression is considered the successive type of extensive reproduction, known as intensive reproduction. In these conditions, unlike extensive measures, production utilizes technological advancements related to technical progress and technological development.(1)

In general, intensive reproduction undergoes two stages of development. In the first stage, production gradually becomes more intensive. In other words, only one factor of production is intensified while others continue their usual operations. For instance, manual labor may be mechanized or automated while other factors remain unchanged. It's important to note that advancements in the utilization of labor are observed during this stage of intensification. The second stage of intensive reproduction involves its comprehensive intensification. In such conditions, achieving an increase in labor productivity entails optimizing the utilization of other resources allocated to the production unit. In other words, all factors of production are intensified. In these circumstances, integrating achievements in science and technology into the economy allows for more efficient and complete utilization of existing resources. The outcomes of economic development become more resource-conserving. (Reference 2, pp. 148-151). Gross product reflects the use of production factors throughout the year on one hand, and the efficiency of the national economy on the other hand. As a macroeconomic indicator, gross product can be differentiated in terms of its material goods aspect and its value or price aspect. When considering its composition in material goods terms, it includes production means and consumer goods. In terms of its value or price composition, it includes the payment fund, which encompasses the value of consumed fixed and circulating capital, as well as national income or newly created value. One of the indicators that characterizes the level of development in society is Gross Domestic Product (GDP). It represents the overall result of production and economic activity. In other words, when we refer to GDP, we are considering the volume of goods and services produced over the year and expressed in market prices. The GDP reflects the total volume of goods and services produced and retained across various ownership entities throughout the year. Research indicates that within the market relations system, the activity of all economic entities and institutions is primarily aimed at achieving higher profits through more efficient utilization of existing production resources and factors. Generally, every society can achieve economic strength, power, and development by using limited resources and production factors efficiently and purposefully. In this regard, ensuring mutual relationships between the economic choice of existing production resources and factors is crucial. In terms of the number of production factors and their

classification, economists put forward various opinions and arguments separately. For example, one of the representatives of classical economics, A. Smith, in his work 'An Inquiry into the Nature and Causes of the Wealth of Nations', showed that the source of wealth is not only precious stones and various agricultural products grown in the land. Wealth is determined by the total quantity of products produced in various sectors of the economy, with the participation of all production factors." Another classical economist, D. Ricardo, put forward the theory of comparative advantage and argued that it is possible to achieve benefit even when a country does not possess absolute advantage in terms of production costs. However, they did not explain to what extent production factors and production costs differ from each other. C. B. Say proposed the theory of three factors of production (land, labor, and capital), determining that each of these factors generates income in the form of wages, rent, and interest. On the other hand, marginalists (advocates of marginalism) categorized production factors into four groups: land, labor, capital, and entrepreneurship. Marginalists argued that production and distribution of income depend both on demand and price, asserting that the allocation of income among production factors is dependent on the value of each factor. As it appears, different economists have differentiated production factors based on the functions they perform in the production process. For example, C. M. Keynes (1883-1946) developed a macroeconomic model that focuses on the role of production factors in the formation of income and their distribution. While his theory has significant financial aspects, several notable points stand out:Keynes argues that the total product's re-production process is not solved by the supply of resources, but rather by the demand position caused by the sale of these resources. There are positive points here, but it is not fair to have a big difference between the demand and the supply. Keynes argues that conflicts in the production process are more related to consumer demand. According to him, macroeconomic equilibrium can be achieved through consumer demand. Therefore, his theory of "effective demand" suggests ensuring equilibrium between different phases of the production process. However, Keynes' concept is closely associated with macroeconomic indicators such as aggregate social product and national income. It should be noted that these ideas contrast with those found in Karl Marx's work "Capital," particularly in Volume II, concerning issues of social reproduction. Keynes's orthodox successors, especially P. Samuelson, U. Nordhaus, U. Mueller, and others, have described capital as the aggregate of goods used in the production of goods and services. In their view, capital consists of goods that are created by the economy and used for long periods in the production of new goods (services). These goods include modern economic perspectives such as machinery, equipment, structures, and others. In modern times, neo-Keynesians are indeed advancing new ideas regarding capital as a significant factor in production.

It can be concluded that there have been various ideas regarding the number, nature, and content elements of production factors. Generalizing these ideas and considering their relevance to the demands of the modern globalizing economic era, we consider it appropriate for production factors to consist of the following: labor; natural resources; capital; entrepreneurial activity."

Labor is one of the most important and essential factors of production, encompassing the aggregate of physical and mental abilities used in this process. The content of labor depends on its nature and characteristics. This content influences its social, economic, and socio-biological aspects. Labor possesses a dual nature: on one hand, it serves as a means of exchange between humans and nature, while on the other hand, it acts as a significant means of communication among workers and collectives."

Natural resources are also considered a significant factor of production. Most of the tools used in the production process are gifts of nature to us. These include land with its useful minerals, water, sunlight, wind, hydropower, and so on. People directly or indirectly utilize them when fulfilling their needs and demands. For example, by cultivating the land, we produce

all food products; various materials and metals are extracted from underground useful minerals, and so forth. Land, being the source of all natural resources, has been a habitat and source of livelihood for human society throughout all stages of its development. As stated by the classic political economist Petty, the mother of all resources is land, and its father is labor.

Another important factor is capital. Capital creates additional value. In this sense, production funds, securities, bank deposits, and others are considered capital. Prominent economists like F. Keynes, A. Smith, and A. Marshall distinguish between fixed and circulating capital based on its components.

In the mentioned process, the contribution of labor results in wages, rent derived from the use of natural resources, and interest earned from the use of capital. Considering the interaction of these three factors and their continuity ensures the essential economic relationships. Thus, entrepreneurs and creative individuals seeking to generate profit (income) bring together these three factors. This amalgamation forms the fourth factor of production. However, there are differing perspectives on this issue. Many economists do not consider entrepreneurship as the fourth factor of production; instead, they note its participation within the labor factor and do not categorize it separately as a production factor. It is considered essential, especially in conditions of free market relationships, to evaluate entrepreneurship as a highly significant factor of production.

Limited production ensures a certain conformity between economic resources and existing demand. It should be noted that demand often exceeds available resources and reserves. Therefore, when discussing macroeconomic balance, processes are considered based on efficient utilization of resources and reserves in order to ensure more comprehensive fulfillment of demands. Thus, in this process:

Economic resources and their utilization;

Production processes and their outcomes;

Aggregate production (supply) and aggregate consumption (demand);

Correspondence and proper ratio between physical-material capital formations and other processes.

Thus, ensuring sustainable production processes comes at great expense, significantly impacting the budget, depleting non-renewable natural resources through irretrievable production, worsening environmental pollution, and posing risks to global climate stability. Therefore, these aspects of production must also be considered in macroeconomic stabilization and balance. Achieving technological advancement in production, not by attracting additional resources but through the application of new and ecologically clean technologies and equipment, is essential for sustainability. This requires deep structural changes in the economy towards this direction.

If the production process relies solely on the exploitation of natural resources and the development of production areas, its future development opportunities diminish, the economic potential decreases, and imbalances arise in its structure. The more stable the inter-sectoral and recycling production structure, and the ratio between production and financial-banking capital, the more stable the economy performs. Disruptions in the proportions of production and its essential elements lead to instability. The condition and future development opportunities of production are determined not by natural and material potential but by scientific and technical potential. Without refreshing and expanding it, it is impossible to maintain the necessary level of sustainable development and economic growth.

Therefore, efficient utilization of the factors mentioned above can ensure macroeconomic balance in the economy. However, these factors affect the economic life of any society differently.On the one hand, when production develops sustainably and continuously in a country, production and consumption, or demand and supply, are implemented in a harmonious manner.On the other hand, if there is imbalance between production and consumption on a societal scale, economic crises can occur.

It is well understood that achieving sustainable economic development involves significantly intensifying the re-production of social products. The necessity of comprehensive intensification of production is associated with

several objective laws. One of them is ensuring the growth and efficiency of public production through extensive application of science and technology, including technological armament. Currently, the extensive development opportunities of production are decreasing year by year.

As a result, the efficient utilization of current material, natural, and labor resources, as well as the technical production potential, is focused decisively towards scientific and technological progress and intensification. The pathway to sustainable economic development lies solely in the direction of intensive factors in re-production. This direction must encompass all phases of re-production and create conditions for the balanced development of the republic's economy in the following areas.

- improvement of the economic management system;
- implementation of organizational measures ensuring stimulation of individuals and realization of personal interests;
- strengthening of labor discipline;
- modernization of technological organization of production;
- efficient utilization of economic resources;
- advancement of technological and sectoral structures of production;
- economy in the use of material and financial resources;
- enhancement of the professional composition of workers;
- establishment of efficient external economic relations (3, p. 153).

The role of sustainable national production in the global economy system is primarily determined by the level of economic development of the country, its ability to compete with its products in the world market, and the volume of its economic potential. Of course, when characterizing a country's production-economic potential, several additional qualitative and quantitative changes are necessary, including comparison with the current indicators of production potential in other countries.

As it appears, the primary challenge in economic development is the qualitative and innovative utilization of both traditional and new sources for increasing production and efficiency. This constitutes a key aspect of economic stabilization and sustainable development because the sources of development significantly impact the quality of economic growth. In our view, stabilizing production plays a crucial role in implementing the republic's economic policy by determining both current and long-term development opportunities. Stabilizing production involves encompassing a system of strategic measures that hold strategic importance. In this context, achieving sustainable production development demands the continuous improvement of the entire economic system in terms of quality and based on new foundations. The primary goal of the economy is to enhance production efficiency, which depends on the level of intensification. Sometimes, the efficiency achieved through intensification of production may not necessarily align with the potential efficiency that could be attained from the technical and production potential. As a rule, it often falls significantly below potential capabilities. Therefore, the process of maximizing the use of production potential by economic entities should contribute to manifesting potential efficiency. Potential efficiency, in turn, constitutes a crucial reserve for increasing production resources. Hence, addressing efficiency issues requires a specific approach considering historical circumstances.

Sometimes, the cost of production increases due to difficulties in obtaining raw materials and supplies, or expenditures rise objectively due to the need to increase basic and circulating funds associated with expanding production volume. There is another aspect to consider as well. The process of scientific and technological progress is conditioned by several socio-economic and scientific-technical factors, such as advancements in production means, and sometimes the enhancement of production personnel.

Conclude

In the conditions of market relations, the importance of increasing production efficiency has significantly increased. Achieving the accelerated social-economic development of an enterprise is possible primarily through

enhancing production efficiency. Therefore, during the market economy period, one of the main issues is ensuring the increase in production efficiency. The implementation of new economic strategies by institutions is only possible through further increasing public production, improving its structure, creating and developing market-economy-compatible structures, improving the quality of released products, and enhancing competitiveness.(4)

To achieve an increase in public production efficiency and improvement of its structure, it is necessary to expedite the reorganization and expansion of existing enterprises and enhance the level of armament with new technology, leveraging the latest achievements in science and technology. Research indicates a distinction in economic theory between the terms "production resources" and the concept of "production factors." Production resources encompass a broader scope, encompassing all natural and social factors involved in the production process. Production factors, on the other hand, are derivative resources that operate only within the framework of mutual activity, distinct from resources in their application. Therefore, production always involves the cooperative activity of its factors. It is crucial to clarify which factors participate in the production of material goods. In economic theory, when we talk about production factors, we refer to every significant element or object that decisively impacts the initial outcomes of production. Specifically, each product has its own set of factors for production. Therefore, there is a demand for their classification into large groups. Thus, in the production process, labor is expended to prepare products that serve to fulfill various needs based on appropriate technology, utilizing a pre-conceived technological process. It is precisely at this time that the labor, natural resources, capital, and entrepreneurial individuals bringing them together are considered the fundamental factors of production. Without these factors, organizing production properly would not be possible.

Observations indicate that in the modern era, the quality improvement in the economy is not only related to the exhaustion of extensive development opportunities. It is also associated with the necessity to apply more intensive methods in production. Therefore, it is necessary to link the comprehensive problems of scientific and technological progress not only with the limitations of resources but also with the character of the country's long-term and sustainable socio-economic development and the most significant quality changes that can occur in the production process. Therefore, the sustainable and stable development directions of the economy require optimal efficiency within market relations. Optimal efficiency should be approached from two perspectives: Firstly, within the framework of individual enterprises, comparing expenditures incurred with outcomes achieved; secondly, from the perspective of the state, ensuring that efficiency aligns with the volume and structure demands of public production. The primary criteria here are public demand and the utility of the created product. Of course, both the final outcome and efficiency are crucial economic indicators considered in both scenarios. It is essential to consider this aspect of the problem within the framework of market relations.

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İSTEHSAL SƏMƏRƏLƏYİNİN YÜKLƏLDİLMƏSİNƏ NƏZƏRİ BAXIŞ

Xülasə

Məqalədə bir sıra tədqiqatçıların istehsal, təkrar istehsal,istehsalın tarixi tipləri və istehsalın səmərəliyinə dair elmi yanaşmaları araşdırılmışdır. Həmçinin istehsalın səmərəliyinin yüksəldilməsi əsasında təsərrüfat subyektinin sosial – iqtisadi inkişafının sürətləndirilməsinə nail olunmasının müəyyən aspektləri araşdırılaraq muəyyənləşdirilmişdir

Açar sözlər:

Лейла Ровшан гызы СЕРТТАШ

ТЕОРЕТИЧЕСКИЙ ОБЗОР ПОВЫШЕНИЯ ЭФФЕКТИВНОСТИ ПРОИЗВОДСТВА

Резюме

В статье рассматриваются научные подходы ряда исследователей к производству, воспроизводству, историческим типам производства и эффективности производства. Также исследованы и определены отдельные аспекты достижения ускорения социально-экономического развития экономического субъекта на основе повышения эффективности производства.

Ключевые слова: