



# THEORETICAL FOUNDATIONS OF INCREASING PRODUCTION EFFICIENCY

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**Abstract.** The article examines the main prospective directions of increasing the efficiency of production activity. It was determined which principles and ways contribute to increasing the efficiency of the enterprise's production activity. The issue of ways to increase the efficiency of the personnel's work was considered.

Key words. efficiency, production, production activity, efficiency improvement.

## Introduction.

The leading aspect of the optimal functioning of a modern enterprise in a competitive market is to ensure the efficiency of its economic activity. The need to improve the efficiency of the production activity of the enterprise is due to the needs of the formation of new goals, principles and foundations focused on meeting the needs and demands of consumers. The problem of improving the efficiency of the production activity of an enterprise is the subject of numerous scientific studies.

# Literature analysis.

Thus, studies of the problems of theory and practice of increasing the efficiency of the economic activity of an enterprise are reflected in the works of I. N. Boychik, A. A. Hetman, I. V. Kovalchuk, S. F. Pokropivny, G. A. Shvidanenko, A. S. Fedonina, Yu. V. Ponomareva, V. A. Sidun, V. M. Shapovala P. V. Studies of the problems of economic and mathematical models are reflected in the works of V. D. Bazilevich, V. G. Gerasimchuk, L. E. Dovgan .

The scientific works of M. G. Metelenko, etc. Lobodzinskaya, V. P. Kuznetsova, A. V. Romanovskaya are devoted to the coverage of the problem of innovative approaches to improving the efficiency of the economic activity of an enterprise. However, despite a significant number of scientific works, the problem of increasing the efficiency of the production activities of modern enterprises still requires further research.

**Methodology**. The theoretical and methodological basis of the work is the work of domestic and foreign scientists in the field of production activities of enterprises. To achieve this goal, general scientific and special research methods were used, such as: a systematic approach, methods of analysis and synthesis, methods of logical generalization.



## Analysis and results.

The most important task of the functioning of a modern enterprise is to increase the efficiency of its activities through a more complete use of internal reserves and the systematic development of ways to improve the efficiency of activities. Under the ways to improve the efficiency of the enterprise is understood as a set of specific measures to improve the efficiency of production.

When substantiating and analyzing all indicators of economic efficiency, factors of growth in production efficiency in the main areas of development and improvement of production are taken into account. These areas cover a set of measures on the basis of which the economy of living labor, costs and resources is achieved, as well as improving the quality and competitiveness of products.

The main directions for improving the efficiency of the enterprise are:

- acceleration of scientific and technological progress, raising the technical level of production, innovation policy;
- structural restructuring of the economy, its orientation towards the production of consumer goods, the conversion of defense enterprises and industries, the improvement of the reproductive structure of capital investments, the accelerated development of science-intensive, high-tech industries;
- improvement of the development of diversification, specialization and cooperation, combination and territorial organization of production, improvement of the organization of production and labor at enterprises and associations;
- strengthening of socio-psychological factors, increasing the responsibility and creative initiative of employees, the comprehensive development of the individual, strengthening the social orientation in the development of production [3].

It should be noted that the directions for improving the efficiency of an enterprise can be classified according to three main features:

- 1) in the main directions of development and improvement of production, representing complexes of technical, organizational and socio-economic measures, on the basis of which the economy of social labor is achieved;
- 2) according to the sources of increasing efficiency: reducing labor intensity, material intensity, capital intensity and capital intensity of production, saving time, rational use of natural resources;
- 3) in accordance with the scope of application, the factors are divided into national economic, intersectoral, regional, sectoral and intra-production.

In the field of increasing the economic efficiency of production, priority is given to the rational use of production potential, the maximum reduction of various kinds of losses, and the mode of saving costs and resources. The level of efficiency of the company's activities also depends on external and internal factors (Fig.1).





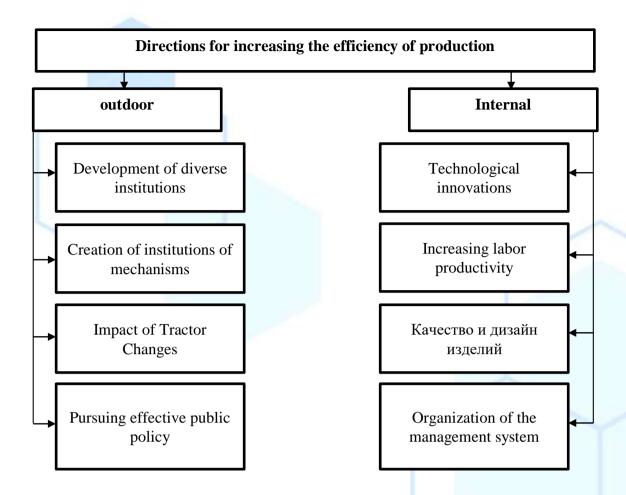


Fig. 1. Directions for improving the efficiency of the enterprise's production<sup>1</sup>

External ways include the development of various institutions, the creation of institutional mechanisms, the implementation of an effective state policy, the impact of structural changes. The internal reserves for increasing the efficiency of production at the enterprise are technological innovations, the quality and design of products, improving the efficiency of equipment, economic raw materials, materials, energy, improving working methods, organizing a management system, improving organization, and increasing labor productivity.

It is important to find effective ways to improve the efficiency of the enterprise. Among the main ways to improve the efficiency of the enterprise, there are three areas of improvement: resource, technological and organizational.

Within the framework of the resource direction, directions for increasing the efficiency of the use of fixed assets, working capital and labor resources are distinguished. The intensive directions of increasing the efficiency of the use of fixed assets include: mechanization and automation of production; technical re-equipment and modernization; improvement of technological processes; reducing the duration of

<sup>&</sup>lt;sup>1</sup> author development



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the operating cycle of production; application of progressive forms of organization and management of production; increasing the educational and qualification level of industrial and production personnel

The extensive areas of increasing the efficiency of using fixed assets include the following:

- 1) reducing equipment downtime as a result of timely provision of raw materials, materials, semi-finished products and improving the quality of equipment repairs and maintenance;
- 2) an increase in the number of machine changes in the operation of equipment and a reduction in the number of non-working equipment;
  - 3) input of additional equipment.

With regard to the efficiency of the use of the second group of resources, within the priority areas of the strategic work of the enterprise in the field of working capital management, specific ways to improve the efficiency of their use: reasonable establishment of labor standards and standards; establishing direct permanent relationships with suppliers; reduction in the cost of raw materials and materials used in production based on their purchase at wholesale prices or replacement with cheaper analogues; use of waste in production; unification of production technology; intensification of production processes; transition to continuous implementation of production processes; speeding up the processing of supply batches of material resources.

The most problematic in terms of increasing the efficiency of resource use is the personnel of the enterprise. Directions for improving the efficiency of personnel work are: formation of the optimal composition of personnel; replacement of existing technical means with more advanced ones; modernization of equipment (implementation of various corporate management systems, that is, software for electronic document management, CRM and ERP systems, including corporate web portals); improvement of management and organization of production and labor; deepening the specialization of production; increase in the real fund of working time; creation of optimal management structures; creation of an appropriate moral and psychological climate in the team; moral encouragement of employees; improvement of wage systems; application of the system of participation of workers in profits.

Within the framework of the second, technological direction, the main one is the solution of the problem of technological backwardness, which is especially important for Ukrainian enterprises. The second direction includes: accelerating the implementation of the results of scientific, technical and organizational progress in the practice of the enterprise; improvement of organizational and production management systems, forms and methods of organizing activities, its planning and motivation;





improving the quality and competitiveness of products; improvement and constant adjustment of all activities to ensure their requirements of modernity.

## Conclusion

In the third, organizational direction, the search for opportunities to improve the efficiency of the processes taking place at the enterprise is carried out. In this case, first of all, it is necessary to pay attention to the effectiveness of management. With the help of effective management, namely the use of a quality management system (CMR), lean manufacturing, the theory of limited systems (TOS), TPS and 6 sigma, and technologies such as reengineering, outsourcing, you can significantly reduce production costs and increase the efficiency of the enterprise.

An important component of the efficiency of the enterprise, and therefore a significant reserve for its increase, is the organization of the production process. In the specific conditions of the enterprise, all aspects that determine the effectiveness of the organization of work should be analyzed - from the level of the workplace of an individual worker or specialist to the level of the enterprise as a whole.

Consequently, each of these areas affects the efficiency of the enterprise to varying degrees. At each stage of the enterprise, managers should refer to the most relevant and significant in terms of performance from them. However, the strategic plan for the development of the enterprise should provide for the application of all possible directions for improving efficiency.

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