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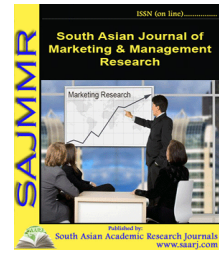
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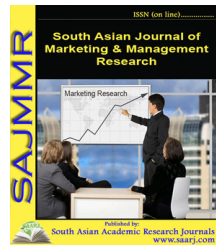


SR. NO.	PARTICULAR	PAGE NO.	DOI NUMBER
1.	TRENDS IN CRUDE OIL PRICE AND ITS ECONOMIC IMPACT Shahid Nazir, Dr. Shakeel ul Rehman	1-11	10.5958/2249-877X.2021.00038.2
2.	PUBLIC SERVICES IN THE DEVELOPMENT OF THE DIGITAL ECONOMY Sharifzhanova Nilufar Muratzhanovna, Zhuraeva Nozima Nabi kizi, Saydakhmedov Khurmat Islomboevich, Yakubov Maksadkhon Sultaniyazovich	12-16	10.5958/2249-877X.2021.00039.4
3.	ROLE OF INFORMATION AND COMMUNICATION TECHNOLOGIES IN ACCOUNTING AND DIGITAL ECONOMY Ganiboyev Ilhom Shokiraliyevich	17-20	10.5958/2249-877X.2021.00040.0
4.	MODERN SYSTEMS OF PERSONNEL ASSESSMENT OF THE ENTERPRISE USING THE METHOD OF KPI (KEY PERFORMANCE INDICATORS) Tairova M.M, Niyazov M.H	21-27	10.5958/2249-877X.2021.00041.2



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TRENDS IN CRUDE OIL PRICE AND ITS ECONOMIC IMPACT

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ABSTRACT

Oil is vital strategic energy to ensure the growth of modern industry and economy, as well as a valuable fuel. Oil price fluctuation is often viewed as a barometer of the global economy, with any transition being a hot topic to be concerned about and debated broadly in political and economic circles of every region. With the exponential growth of the global economy, crude oil is becoming increasingly important in terms of national stabilization. During an emergency, though, oil prices fluctuate significantly. Growing global value and demand of Oil has resulted in a highly dynamic supply and price structure. The aim of this paper is to provide an overview of the crude oil market and the evolution of the oil price mechanism in the long and short term. This paper examined the fluctuations of international oil prices in a systemic manner. Crude oil prices therefore, fluctuate over time and cannot be traced to a particular market driver because it has spawned a massively complex market structure that is based on a variety of factors. The volatility of crude oil price fluctuations has a direct effect on economic stability. Futures market contracts, commodities market speculators, refining capacity, the valuation of the dollar, and the weather all contribute to the dynamic market environment.

KEYWORDS: *Oil Price, Crude Oil, OPEC, Economy*

INTRODUCTION

Crude oil is an important commodity for every economy, and as economies expand, so does the demand for crude oil, causing India to become increasingly reliant on crude oil imports. The price of crude oil is almost always lower than the import duty; it is the import duties that make it more expensive for the average person. Crude oil is not only the most traded commodity on the

planet, but it is also the most important source of energy for economic activity. Supply and demand, which are followed by regular oil-related incidents and rising speculation of crude oil financed goods, decide the long-term pattern of oil prices. Around the same time, oil price variations have become more pronounced, and oil market volatility has risen. Economic development will be harmed by the uncertainty caused by oil price fluctuations, which will increase production costs or cause investment behavior to change, resulting in a negative impact on economic activities. Crude oil is one of the most important commodities in the world economy, and it is used in industries ranging from transportation to power generation, either directly or in refined forms. Although physical crude oil deals are common and often carried out under long-term supply contracts, future markets account for the bulk of trade.

This suggests that crude oil derivatives may play a larger role in price discovery. Crude oil is a vital advantage in the global economy, and as such, its market dynamics and relations with other commodities are very important to most countries. In the literature, economic factors have been widely analyzed. At the beginning of the twenty-first century, the crude oil prices have undergone significant shifts. In the international markets, a number of new features have emerged. For example, OPEC's ability to influence oil prices has waned, global energy markets have become extremely volatile and risky, and Brent and WTI prices have diverged significantly since 2010. The need to investigate the dynamics of international crude oil prices has arisen as a result of these new market conditions. The movement of crude oil prices is influenced by a variety of factors. The mysterious behavior of the crude oil price movement is a result of the dynamic complicated interactions among these factors, whose characterization and prediction has remained one of the most interesting and intriguing research issues in the field of economic and financial analysis. This research examines the current state of crude oil prices in India, as well as their imports. This research attempted to determine how the rise in crude oil prices has impacted the Indian economy, as well as a comparative analysis of Brent crude oil prices over the last decade.

LITERATURE REVIEW:

The determinants of prices of crude oil are subjective in nature and are in a subject of debate. There are various points of view on the factors that influence crude oil prices. One viewpoint is that the behavior of oil markets is due to global forces of demand and supply, while another is that of oil traders, OPEC, and yet another is that of a surge in oil futures trade over the past decade. All three theories (Krichene, 2006; Dees et al., 2007) that use the equilibrium equation of demand and supply to explain the increase in oil prices include arguments on both sides. Analysts also consider the successful demand for oil by emerging economies, especially India and China. But Dees et al. (2008); Kaufmann & Ullam (2009) use the role of speculation and the power of OPEC. Studies also determine the role of speculation and its influence on the price of oil in the past (Einloth, 2009; Shu-ping, 2011). As shown by (Hamilton, 2008; Dees et al., 2008), the determinants of oil prices do not have to be distinct or different from one another, but can complement or go together. Moreover Hamilton (2008) discusses how fluctuations in oil prices are caused by major factors such as uncertainty about potential supplies whenever the rate of rise in demand is much greater than the rate of increase in crude oil production.

Above this Kim (2005) investigates the unequal and proportionate impact of macroeconomic factors on the rise in oil prices. His analysis study findings firmly established that price has a negative impact on macroeconomic variables. Additionally According to Lee et al. (1995), the unpredictable increase in oil prices is more detrimental to macroeconomic growth indices than

the recurring yet expected market fluctuation. The change in wholesale oil prices creates consumer ambiguity, causing stockholders and consumers to lose interest in their upcoming investment and depletion prospects (Edelstein & Killian, 2009; Raza, 2016). After 1973, the analysis show experiential indicator of approving resilient negative affiliation between oil price shock and market proclivity to extend has been consistently identified in collected works. According to Ahmad (2013), the significant frequencies of contact between oil price and economic growth operation have been identified in economic theory, specifically the typical supply-side effect, demand side effect, affluence propagation effect, actual equilibrium effect, inflation effect, segment adjustment effect, and unanticipated effect. On the other hand, researchers Möbert (2007); Brown & Yucel (2002) demonstrated that the supply side network better elucidates the inverse relationship between oil price and result as well as the optimistic relationship between oil price and inflation.

According to Hassan & Zaman (2012), there is a negative and significant relationship between oil prices and trade balance in the short and long term. Zhang & Wei (2010) show that there is a long-term symmetry between oil and gold prices and that crude oil prices shift linearly. Park & Ratti (2008) agreed that oil price volatility has a negative impact on oil wholesalers while having a favorable impact on oil exporting countries. Killian (2009) distinguished between various forms of oil shocks. While Hamilton (2009) clarified the oil shocks of (2007-2008), Kilian and Hicks (2013) demonstrated the impact of an economic boom in developing markets on the real price of oil. Others like Askari & Krichene (2010) measured the impact of monetary policy, the exchange rate, and gas prices on the oil market, Peersman & van Robays (2012) confirmed cross-country variations in reactions to oil price shocks. Similarly Ratti and Vespignani (2015) evaluated the impact of the oil supply industry on oil prices. The close relationship between oil price volatility and monetary policy, the market cycle, and real economic activity has recently received a lot of attention. For example, Kormilitsina (2011) develops a complex stochastic general equilibrium model for the oil market and describes the best monetary policy responses to an oil price shock. Moreover Taghizadeh-hesary & Yoshino (2014) create an oil demand and supply model that takes monetary policy into account. As a result, understanding the origins of oil price fluctuations is critical for policymakers, the private sector, and individuals. the impact of oil price shocks on actual economic activity under the assumption of perfect market competitiveness has been described by Finn (2000). According to Alekhina & Yoshino (2018), fluctuations in oil prices have a direct effect on the macroeconomic factors and monetary policy of an energy exporting country.

OBJECTIVES OF THE STUDY

- To study the impact of fluctuations in crude oil prices in trade deficit.
- To study the Impact of oil price fluctuation on Indian economy.
- To study the trend of crude oil price fluctuations in Indian economy (2011-2021).
- To examine the factor determinants (OPEC crude oil prices, crude oil imports in India, crude oil consumption in India) of crude oil price in India.

METHODOLOGY

The research analyzes variations in crude oil prices and their effect on the Indian economy using secondary data from different sources. This research focuses on the immediate effect of oil prices on the WPI and, as a result, the country's GDP. Quarterly data from 2011 to 2021 were used for

the analysis, which was accessed from the Reserve Bank of India website and the United States Information Administration database.

DISCUSSIONS

Crude Oil Price Trend

India, the world's third-largest oil producer after the United States and China, imports approximately 1575 million barrels of crude oil per year, and a dollar rise in oil prices will increase import bills by approximately \$ 1.6 billion (10,000 crores) a year. India depends on imports for more than 80% of its oil needs. Brent crude oil prices are flirting with \$70 per barrel and have risen by about 33% so far in 2021. Higher crude oil prices have an effect on a wide range of industries. High oil prices, for example, bode well for producers such as the Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL).

The rise in crude oil prices would bring upward pressure on petrol and diesel prices across the worlds, which are already at all-time highs as a result of the recent surge in international crude prices as well as central and state levies. Crude oil is vital to global industrial development. Also in the most promising scenario for renewable energy growth, crude oil is expected to be the most important source of energy for decades to come; crude oil price volatility has a major impact on economic activity, stock exchange reporting patterns, bond markets, and national security. Around the same time, crude oil has clear political and financial implications. Crude oil prices will fluctuate due to certain significant impact activities, the currency exchange rate, and investor speculation. According to several surveys, the impact of oil prices often leads to economic stagnation and inflation. Oil price shocks have varying impacts on short-term and long-term economic growth. Oil price changes have a direct effect on the supply of fossil fuels such as natural gas in other fields of energy. If we can get a better understanding of the developments in oil price increases, we will be able to reduce the impact of crude oil prices on economic development, policymaking, bond markets, and national security.

Crude Oil and Indian Economy

The rise in crude oil prices is bad news for India's state finances, coming at a time when the economy is still struggling to rebound from the COVID-19 pandemic. According to a Reserve Bank of India (RBI) survey, any \$10 rise in oil prices results in an additional \$12.5 billion deficit, or approximately 43 basis points of India's GDP. As a result, any \$10 rise in oil price raises the CAD/GDP ratio by 43 basis points. Hence, when crude prices hit \$85/ barrel the deficit on account of oil balloons to 106.4 billion, which is 3.61 percent of India's GDP.

In Table 1, we show the deficit value due to oil under various oil price scenarios. In the worst-case situation, as crude oil prices reach USD 85/barrel (row 4 table 1), the oil deficit explodes to USD 106.4 billion, or 3.61 percent of India's GDP. Table 1 show that any USD 10/barrel rise in crude oil prices results in an extra USD 12.5 billion deficit, or approximately 43 basis points of India's GDP. As a result, any USD 10/barrel rise in crude price raises the CAD/GDP ratio by 43 basis points.

TABLE 1. IMPACT OF CRUDE OIL PRICES ON CAD

Price crude (USD/Barrel)	Trade Deficit Crude (% of GDP)	Trade Deficit crude (Billion USD)
55	-2.33	-68.9
65	-2.76	-81.4
75	-3.18	-93.9
85	-3.61	-106.4

Source: Reserve Bank of India

Given India's CAD's exposure to global crude prices, the next obvious issue is whether high GDP growth will mitigate the negative effect of an oil price shock. To put this to the test, we examine shifts in the CAD/GDP ratio in relation to (w.r.t.) nominal GDP growth and discover that a 100-bps rise in GDP growth rate will only shave off 2 bps in the CAD/GDP ratio.

The results in the table 2 shows that crude oil markets maintained high price levels in 2011, with the spot price of Brent averaging \$102.58 per barrel, the first time the global standard averaged more than \$100 per barrel, and that real crude oil prices in 2012 stayed high for the second year in a row. Price volatility in 2013 was at its lowest level since 2006, when many of the variables that had been causing oil price volatility were mitigated. Crude oil prices dropped sharply in the fourth quarter of 2014, as strong global supply outpaced demand, and averaged less than \$50 a barrel in 2015. In 2016, the average crude oil price fell to \$38.70, the lowest level in 13 years. Despite comparatively high US crude oil supply and output curtailments by members of the Organization of Petroleum Exporting Countries (OPEC), strong global demand helped crude oil price increases in 2017. Brent crude oil averaged \$57.94 a barrel in 2019, which was \$3.4/b more than the previous year's average. The first half of 2020 saw sharp falls in global petroleum demand and turbulent crude oil markets as a result of the COVID-19 pandemic; however, the second half of the year saw reasonably steady prices as demand started to rebound. Crude oil prices are forecast to average \$70/b in the current year 2021.

TABLE 2. CRUDE OIL PRICE SINCE LAST DECADE

Year	Average price P/B (quarterly) (\$)		Average price P/B (yearly) (\$)
2011	Q1	\$111.55	\$102.58
	Q2	\$127.97	
	Q3	\$118.97	
	Q4	\$122.26	
2012	Q1	\$124.80	\$101.09
	Q2	\$116.53	
	Q3	\$111.41	
	Q4	\$111.20	
2013	Q1	\$111.97	\$98.12
	Q2	\$110.59	
	Q3	\$116.41	
	Q4	\$104.60	
2014	Q1	\$105.32	\$89.63
	Q2	\$109.73	
	Q3	\$104.14	
	Q4	\$79.46	

2015	Q1	\$51.92	\$46.36
	Q2	\$62.35	
	Q3	\$50.50	
	Q4	\$41.96	
2016	Q1	\$31.99	\$38.70
	Q2	\$44.35	
	Q3	\$45.11	
	Q4	\$48.37	
2017	Q1	\$51.82	\$48.98
	Q2	\$49.90	
	Q3	\$50.94	
	Q4	\$58.70	
2018	Q1	\$61.63	\$61.34
	Q2	\$67.90	
	Q3	\$69.33	
	Q4	\$57.68	
2019	Q1	\$57.65	\$57.94
	Q2	\$64.93	
	Q3	\$58.94	
	Q4	\$56.81	
2020	Q1	\$44.61	\$37.24
	Q2	\$27.05	
	Q3	40.43	
	Q4	\$40.80	
2021	Q1	\$55.23(expected)	\$70
	Q2	\$58.74(expected)	
	Q3	\$52.89(expected)	
	Q4	\$51.91(expected)	

Source: US information Administration

Key Factors behind the Sharp Rise in Crude Oil Prices

(a) OPEC Supply Cuts :

Oil prices have risen as a result of supply cuts by the Association of Petroleum Exporting Countries (OPEC) and allied producers in the collective OPEC+.

(b) US Stimulus:

The rise in oil prices was also fueled by rising expectations of a stimulus package from the United States. President Joe Biden advocated for the first major political accomplishment of his presidency, appealing to a bipartisan coalition of elected authorities for assistance with his \$1.9 trillion budget. The stimulus is supposed to boost economic activity and assist millions of displaced people as part of the Coronavirus Relief Program.

(C) Strong Demand Outlook:

Demand for crude oil is expected to grow higher as global economies seem to rebound from the COVID-19 pandemic and industries around the world open up.

Analysis of Oil Price Fluctuations

According to the classic economic model of price determination in microeconomics, global oil prices are dictated by the powers of supply and demand. Demand for oil is strongly dependent on global macroeconomic conditions. So oil price expectations are the primary determinants of how firms in the market deploy their capital. Incentives are created by prices, which affect behaviour. This behavior ultimately feeds back into the supply and demand equation, which determines the price of oil. Oil price fluctuations are always drastic because both supply and demand for oil are not particularly open to price shifts. Furthermore, fluctuations in oil prices frequently have an effect on the rest of the economy. High oil prices indicate a boom for the oil sector and, in many cases, a bust for other sectors. Everyone who drives a conventional car now needs to spend extra for petrol, which means they have less discretionary money for other purchases. Higher petrol prices also have a greater effect on those with smaller incomes. But the high cost of oil also led to great improvements in efficiency, which decreased demand for energy on a per-person basis.

Demand:

Crude oil demand has been increasing, with varying degrees of increase in 1999, 2000, 2003-2007, and 2010. The primary cause of the increase in crude oil demand is the manufacturing sector of developing market economies, which primarily includes countries such as India, China, Latin America, and the Middle East. It is typical for economic development to travel in tandem. According to several recent reports, the rise in crude oil prices since 2003 is mostly due to increased demand for crude oil (Hamilton 2009; Hicks and Killian 2009; Wirl, 2008). Rising crude oil prices in 2010 and 2011 demonstrate that rapidly increasing demand in developing markets can be expected to remain a significant crude oil price determinant, indicating that the crude oil price is highly income elastic. Due to the difficulties in calculating the price elasticity of demand for crude oil, a popular framework has been using reduced-form demand models. The majority of studies notice strongly price inelastic demand in the short run and more elastic demand elasticity (though still less than utility) in the long run. Cooper, (2003), for example, has broad coverage for crude oil price elasticity forecasts in 23 countries (mostly in the OECD). Hamilton (2009) bases his study on inelastic short-run production (1970-1997). Fuel consumption surveys criticize the priori restrictions of demand functions for estimating short and long run elasticity for energy products including the short run price elasticity for gasoline demand (Cuddington & Dagher, 2015; Dahl & Sterner, 1991).

Supply:

Crude oil is a finite and non-renewable natural resource. In reality, the cost of an exhaustible resource rises over time. As a result of the rise in crude oil prices, production unexpectedly increased from 79.5 mb/d to 83.1 mb/d from 2003 to 2007, however, the supply of crude oil remained stagnant during the period (2005-2007), despite price increases provided as an opportunity to increase demand. The production of oil is mostly dependent on OPEC and Middle Eastern countries. Ramcharan (2002) measured supply price elasticity using Griffen's log-linear supply model (1985). Kaufmann, (2008) investigated whether crude oil prices were influenced in part by refining capacity, non-linearities in supply conditions, and preferences during price increases (2004-2006). Dees et al. (2007) described crude oil prices as a function of OPEC

ability, OECD crude oil supplies, OPEC quotas, and quota cheating, and their model performed well in sample (1986-2003), but under-predicted real oil prices out of sample. Forecasting OPEC and non-OPEC demand increases and real oil prices (Sharma et al.,2012; Ratti & Vespignani, 2015).

OPEC Power:

Oil rates plummeted in the spring of 2020 as a result of the COVID-19 pandemic and global recession. OPEC and its partners committed to historic supply cuts to keep markets stable, but they fell to 20-year lows. Saudi Arabia is the largest oil producer in OPEC countries, and it has an agreement with Mexico and Venezuela to control crude oil production. In October 1999, the price of crude oil had more than doubled to \$23.45 a barrel, up from \$11 in December 1998. In 2000, the Organization of Petroleum Exporting Countries (OPEC) established a price band of \$22 per barrel to \$28 per barrel, with the expectation that its members must change their supply to maintain the price within the range of the OPEC crude oil basket. This stance proves to be an ineffective move, as crude oil prices rapidly raise to more than \$35 per barrel in September 2008.

OPEC accounts for approximately 40% of global crude oil demand and approximately 55% of exports, as well as more than two-thirds of global crude oil reserves. Since the 1980s, OPEC's position has diminished due to the decline of OPEC's global market share, the advancement of efficient energy consumption technologies, and the emergence of an efficient spot market. Nonetheless, OPEC's market dominance was restored in 2003 as a result of surging crude oil demand. As oil is a critical source of energy, OPEC still tries to keep oil prices moderate. As a result, OPEC cuts crude oil production when crude oil prices are low and raises crude oil production when crude oil prices are high (Breitenfellner et al., 2009; Alyousef, 1998; Cooper, 2003; Kumar, 2014; Hidhayathulla & Rafee, 2014). The ramifications of OPEC's market influence the world market price of crude oil, and to what degree OPEC is the primary explanation for the world market price of crude oil. Despite OPEC's considerable control, there are other factors that will affect the price of crude oil through demand and supply restrictions dependent on empirical effects, the key factors that would impact crude oil in the long run and they are global demand, future supply, and the price of crude oil (highly uncertain to remain stable). OPEC is the dominant player in the world's crude oil market in a similar vein, Swadimath, Kumar & Joshi (2013); Gupta, & Goyal (2015); Griffin (1985) conducted research on the rise and effect of crude oil prices. Main objectives of their study were to decide what influences crude oil prices, and for this purpose he discovered that the factors that would affect crude oil prices are supply, inventory, demand, and speculation. The researchers mentioned that increases in crude oil prices are mostly caused by OPEC policies, conflicts, and fluctuations in the value of the US dollar, as crude oil is traded in US dollars. Many researchers have attempted to ascertain the variables that influence crude oil price volatility. There are two perspectives on the determinants of crude oil prices. One viewpoint is based on basic factors such as demand and supply, while the other is based on other factors such as pricing control, OPEC decision (sanction), and geopolitical uncertainty.

MAJOR FINDINGS

- Amid price swings caused by global economic cues, crude oil is one of India's most important imported commodities.
- As the price of crude oil rises, so does the trade imbalance caused by crude.

- The crude oil prices have an effect on industrial output growth, which in turn has an impact on the country's economic growth, owing to the country's high inflation rate.
- One of the causes is that the amount of crude oil imported is large due to high demand.
- Oil demand is heavily influenced by global macroeconomic factors.
- The rise in crude oil prices would place pressure on gasoline and diesel prices across the world.
- The direction of crude oil prices is influenced by a variety of factors.
- Crude oil is critical to global industrial productivity.
- Crude oil prices fluctuate due to changes in the dollar exchange rate and consumer speculation.
- Crude oil futures play a critical role in the market discovery process.
- The impact of oil prices often causes economic stagnation and inflation.
- Changes in crude oil prices have a major impact on economic development.

CONCLUSION:

As we all know, India is a net importer because our imports exceed our exports. As a result, India's growth will be heavily reliant on how much we pay for imports. The least we pay for imports, the more global prosperity we will achieve. India imports many essential commodities, including crude oil, edible oils, and gold. Crude oil prices are extremely unpredictable, which has contributed to some of the financial turmoil in the Indian economy. The crude oil market pattern report was carried out to investigate whether there are so many variations in crude oil prices. However, the global rally in Brent crude oil is just one cause in fuel prices reaching all-time highs. With auto fuel prices between 90 and 100 cents per gallon in several cities around the country, all eyes are turning back to the punishing central government and state taxes that account for a sizable portion of what customers spend at the fuel refill station.

Oil marketing firms in India, such as Indian Oil Corporation, are legally able to set their own petrol and diesel prices based on foreign prices. Since state and central taxes account for a large portion of the retailing costs, Indian consumers do not see the advantage of price regulation. This has been particularly evident in the last year, when the price of global oil has been topsy-turvy due to the COVID-19 pandemic. Even though the price of India's oil basket fell to \$19 in April 2020, auto fuel prices fell by an average of a little more than 6 in the case of both petrol and diesel. In reality, the government decided to lift the excise duty on petrol (13 per litre) and diesel (15 per litre) in two increments in March and May 2020 to shore up revenues in the aftermath of the lockout. The research seeks to identify the factors that affect oil prices, either domestically or internationally. The study considers a quarterly data set for all the variables from (2011 to 2021) with a prime motive to estimate the effect of variables on oil prices.

IMPLICATIONS:

Crude oil markets have a huge effect on world economies, either directly or indirectly. However, a rise in crude oil prices raises the prices of nearly all consumable and non-consumable goods. Any increase in the price of crude oil has a negative effect on a country's GDP growth. The Indian economy is not immune to the effects of changes in crude oil prices. The demand for petroleum-related goods in India is rapidly growing, resulting in a rise in crude oil imports. In the event of an increase in crude oil costs, a shock or impulse is apparent, paving the way for the

strengthening of energy efficient mechanisms in order to minimize reliance on petroleum products.

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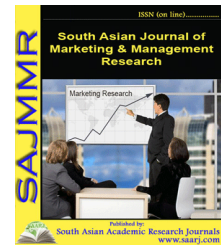
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PUBLIC SERVICES IN THE DEVELOPMENT OF THE DIGITAL ECONOMY

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ABSTRACT

The article examines the process of transition of public services in the Internet space. The trends of consumer influence on the process of public services, which form the market for future public services, are indicated. An opinion was put forward on the need for investment in the staff of state bodies. In the context of the creation of free trade zones within the EAEU, SCO and BRICS, government regulation of digital trade is becoming an important area in terms of ensuring consumer protection, respect for intellectual property rights, transparency and security of cross-border Internet commerce. To maintain national interests, information and technological sovereignty, as well as the competitiveness of the Republic of Uzbekistan in the world arena, it is necessary to use digital technologies. So, in April 2019, the Unified Electronic System for the Development and Approval of Draft Normative Legal Acts was launched - project.gov.uz. Thanks to this, the processes of consideration and adoption of documents were significantly accelerated.

KEYWORDS: *Public Services, Quality Of Public Services, Digital Economy, Digital Technologies, Electronic Public Services.*

INTRODUCTION

Modern information technologies are fundamentally changing the habitual foundations of life, both of ordinary citizens in particular, and of the state as a whole. Public administration is primarily aimed at improving the lives of its citizens by improving the quality of goods and services. With the use of modern digital technologies in their production and delivery, this task becomes realizable. In the realities of today, the concept of "digital economy" is increasingly

used, which can be understood as a system of social, economic and cultural relations based on the use of digital technologies.

Analyzing the experience of many foreign countries, we can say that national plans for digital transformation and development of the digital economy exist in many of them - Great Britain, France, Germany, etc. Moreover, in the governments of many Western countries, there have been ministers for the digital economy for several years. Coordinate the implementation of plans and programs for digital transformation. The changes taking place in the economy and public life associated with the development of digital technologies are so large-scale and rapid that one cannot do without initiative and coordination at the state level.

To maintain national interests, information and technological sovereignty, as well as the competitiveness of the Republic of Uzbekistan in the world arena, it is necessary to use digital technologies. Uzbekistan strategically not only can afford to lag behind in the development of digital and other end-to-end technologies, but should also take this opportunity to make a technological breakthrough, approach and even overtake the leading countries in some segments.

The development of the digital economy in Uzbekistan is possible through the use of modern technologies: neurotechnology, Big Data system, artificial intelligence, electronic algorithms based on block chain, a distributed registry system, robotics, sensorics, industrial Internet, wireless communications, virtual and augmented reality.

In order to ensure the accelerated digital development of the Republic of Uzbekistan, the formation of a digital economy based on data, by creating the necessary environment for the production of innovative products, increasing the efficiency of public administration, providing the population and business entities with appropriate public services, the Decree of the President of the Republic of Uzbekistan "On the approval of the strategy" Digital Uzbekistan - 2030 "and measures for its effective implementation" (No.UP-6079, 05.10.2020).

According to President Sh.M. Mirziyoyev, the program "Digital Uzbekistan-2030" is designed to become the basis for the development of the system of public administration, economy, business, social sphere, society as a whole. According to him, "Without digitalization there will be no result, there will be no development" [8], [9], [10].

It is proposed to pay attention to e-commerce, including the creation of an e-commerce platform, a logistics infrastructure for e-commerce, ensuring certification and licensing of imported goods and services, ensuring cross-border payments, including using the national payment card system. In the context of the creation of free trade zones within the EAEU, SCO and BRICS, government regulation of digital trade is becoming an important area in terms of ensuring consumer protection, respect for intellectual property rights, transparency and security of cross-border Internet commerce. In addition, it is proposed to add "Agriculture" as one of the strategic sectors for Uzbekistan, which has a very high potential for digitalization - from digital monitoring and control systems ("precision farming" and "precision animal husbandry") based on the Internet of things, to unmanned agricultural equipment and unmanned aerial vehicles. Accordingly, funding should be provided for these areas.



Fig. 1. Scheme of interaction of participants in the program "Digital Economy"

Why is the development of e-government so important for Uzbekistan today? This will allow solving several important tasks at once. Firstly, it will provide an opportunity to significantly save time and money for our citizens when obtaining the necessary documents. Secondly, it will have a positive effect on the efficiency of government agencies: it will not only significantly reduce time and financial costs by replacing paper document flow with electronic, but will also increase the openness and transparency of their activities.

Public services in E-form: convenient and efficient

It should be noted that over the past two years, considerable work has been done in terms of creating an integral system for the provision of modern electronic state services, introducing new mechanisms of cooperation between the state, entrepreneurs and the population. A number of important projects were launched and improved, which made it possible to establish a closer dialogue between the authorities and the population, to increase public control over the fulfillment of the range of duties of state bodies.

So, in April 2019, the Unified Electronic System for the Development and Approval of Draft Normative Legal Acts was launched - project.gov.uz. Thanks to this, the processes of consideration and adoption of documents were significantly accelerated. Importantly, the system allows not only to coordinate the approval of documents by state bodies, but also to involve the public and specialists in their consideration and discussion. To date, 214 state authorities, state and economic administrations, including 25 companies and 18 commercial banks, are connected to work in this system.

To support business, in May 2019, a Virtual Reception of the Prime Minister was opened to consider appeals from entrepreneurs - business.gov.uz. All entrepreneurs, including foreign investors, can apply here. The portal provides assistance to those whose business has been affected by the situation related to the coronavirus.

In order to improve the provision of public services, in September 2019, an updated version of the Single interactive public services portal was launched - my.gov.uz. A new, more convenient interface allows you to view the resource from any device. And the opportunity to get acquainted

with all public services without mandatory authorization is to better understand the benefits of the resource for beginners. Today, 193 types of public services are provided to the population through EPIGU, over 18 million applications have been processed.

To further increase the openness of the activities of state bodies, work was carried out to improve the activities of the Open Data Portal - data.gov.uz. Publicly available information provided by government agencies is published on the website in Uzbek, Russian and English. This year, work will continue in terms of further replenishment of the portal with relevant and fresh data.

The portal of collective appeals - MeningFikrim.uz, launched in April 2018, has become an effective tool for feedback between the authorities and the population. At this moment more than 3.6 thousand collective appeals were submitted, on which more than 25.7 thousand proposals and comments were published. To improve the activities of the portal, it is planned to launch a mobile version of the web portal soon.

The development of e-government is the most important task in the framework of the digital transformation of Uzbekistan for the coming years. This, first of all, will give a great economic effect, will allow citizens to freely and conveniently use public services through various communication channels (web portals, public service centers and mobile applications).

Formation of resource support for future applied and practical research, developments in the field of infrastructure, security, smart cities, etc. will be facilitated by training, in the form of investments in education and health.

The development of digital technologies plays an increasing role in the provision of public services. The opportunities that lie behind the continued advancement of digital technology are forcing governments, companies and individual consumers to adapt to the new reality. In these conditions, the state needs to revise the process of providing public services. The consumer becomes not just an object absorbing the influence of the state in the form of rendered state services. The influence of digital technologies on consumer behavioral patterns is quite large and can be expressed by the following postulates. First, it is very quick access to information. Anyone with a mobile phone can quickly find information and then instantly share it with thousands of other users. Secondly, new channels and interaction tools: text messages, likes and reposts, video content. This environment shapes everyday consumer experiences, communication styles and habits. Customers' perception of the speed of service and its quality is formed on the basis of online experience. Consumers also want to communicate with state and municipal authorities. Thirdly, the use of such technologies greatly speeds up all life processes, which in turn leads to a decrease in free time. And there is a certain paradox in this: the faster and easier we get access to information, the less time we have [1].

The first step towards the digital environment was the “turn” to the consumer and his needs. If earlier government services were provided primarily as the implementation of a government order, now the client comes to the fore. All actions of state bodies are aimed at satisfying consumer needs. In the event of dissatisfaction or poor customer satisfaction, no government agency location will help, and a single negative post on a social network can garner more views than a carefully planned ad message.

Thus, the primary task of creating a digital environment is not super-innovation, but a high-quality customer-oriented approach. For example, in government agencies, it is expressed in convenient services, simple processes, and prompt resolution of client requests. This is especially true for large government agencies that offer a wide range of services for different client

segments. The right solution for such bodies is to invest in their staff. Competent and highly qualified employees will make the right changes in clearly regulated processes and optimize them for the interests of the consumer of public services.

The digital economy requires a qualitative improvement in remote services. The modern service of state bodies should be multi-channel, that is, available to the client where it is convenient for him. This opportunity is provided by modern technologies. A high-quality government service should be available in all formats: office, call center, Facebook, Instagram, Telegram, WhatsApp, Viber, chat, email and other services that are widely used by consumers.

In order to be in the trend of the digital economy, government agencies need to clearly track the time spent by the consumer and, using the latest digital technologies, to save it as much as possible. If buying air tickets or choosing a hotel may still be pleasant for someone (after all, thinking about a vacation is always pleasing), then you don't want to think about utility bills and taxes at all. Banks were among the first to start monetizing people's desire to exclude routine from life: they offer auto payments, services for paying fines, taxes, utilities, etc. [6].

The main task of the digital economy is to use technology to increase the productivity of the economy, while ensuring a more even distribution of the benefits and benefits obtained in this way.

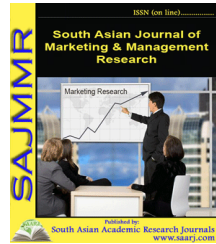
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ROLE OF INFORMATION AND COMMUNICATION TECHNOLOGIES IN ACCOUNTING AND DIGITAL ECONOMY

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ABSTRACT

The article describes the concepts of information and communication technologies and the digital economy, definitions of the digital economy, the role and importance of information and communication technologies in accounting, the share of information and communication technologies in GDP, software products used in accounting in the country.

KEYWORDS: *Information And Communication Technologies, Digital Economy, Accounting Objects, Software Products, Economic Indicators Of The Country*

INTRODUCTION

The current globalization process is expanding the scope of accounting. Because new account objects appear and, as a result, new account users. Therefore, accounting is faced with the task of adapting it to new conditions. The constant growth in the volume of accounting information requires further improvement of the forms and methods of accounting without reducing its quality, reducing the time for registration and processing of primary accounting information using information and communication technologies. This, in turn, means the need for widespread use of information and communication technologies in accounting.

MATERIALS AND METHODS

The use of information and communication technologies in accounting, generalization of advanced foreign and domestic experience and organization practices based on modern management requirements allow information users to provide the necessary information for making management decisions for each business entity.

Also, the use of information and communication technologies in the transfer of accounting information, the rapid delivery of information to users, the exchange of documents with counterparties, the submission of reports and payment processes from the workplace and other

related activities at the workplace, accounting of employees and play an important role in making the necessary decisions.

Therefore, the use of information and communication technologies in accounting is important and is an important factor in the timely and complete accounting, digitization and processing of accounting objects and data transmission. So what is information and communication technology?

The Law of the Republic of Uzbekistan "On Informatization" states that information technologies are a set of methods, devices, techniques and processes used to collect, store, search, process and disseminate information. Information and communication technologies:

Firstly, a set of spheres, actions and rules related to the preparation, processing and delivery of information in private, public and industrial communications, as well as all technologies and processes that combine the listed processes;

Second, the technologies used to create, transmit, manage and process information;

Third, a general term used to refer to any communication device or application, including radio, television, mobile phones, computers and network equipment and software, satellite systems, various services and related applications [1].

The widespread introduction of computer and information technologies in the real sector of the economy, management, business, science and education in our country, the creation of conditions for various segments of the population to use modern computer and information systems in the field of information and communication technologies, primarily all software, data. Much attention was paid to the development of databases, the formation of national, network and local information and communication networks, the organization of training highly qualified specialists to work in the field of computer and telecommunication equipment and continue these processes today. The share of information and communication networks in GDP was 2.0% in 2018, 1.6% in 2019, 1.6% in 2020 and 2.0% in January-March 2021. As of April 1, 2021, 9824 enterprises and organizations are engaged in the type of economic activity "Information and Communication". Compared to the same period last year, their number increased by 18.7% [2].

The conditions of the digital economy require a high level of use of information and communication technologies by all economic entities of the country. The digital economy is a system of economic, social and cultural communications based on the use of digital technologies. Sometimes it's the internet economy, the new economy, or the internet economy. The digital economy is not some other economy that needs to be created from scratch. This means translating the existing economy into a new system by creating new technologies, platforms and business models and introducing them into everyday life [3].

One of the main reforms in our country is the digitalization of the economy. The bar has adopted several regulations that are bearing fruit today. In particular, the Resolution of the President of the Republic of Uzbekistan dated July 3, 2018 "On measures to develop the digital economy in the Republic of Uzbekistan" PP-3832, May 18, 2019 "On measures to further improve the infrastructure of the digital economy and the" electronic government "system" PP-4321, April 28, 2020 "On measures for the widespread introduction of the digital economy and e-government" PP-4699, Decree of the President of the Republic of Uzbekistan dated March 2, 2020 "On the state program for the implementation of the Strategy of actions in five priority

areas of development of the Republic of Uzbekistan in 2017 - 2021 in the "Year of the development of science, education and the digital economy" "DP-5953 [4-7].

To accelerate the development of the digital industry, increase the competitiveness of the national economy, as well as ensure the implementation of the State Program for the implementation of the Action Strategy in five priority areas of development of the Republic of Uzbekistan in 2017-2021. In the Year of Science, Education and Digital Economy, the Decree of the President of the Republic of Uzbekistan dated October 5, 2020, No. UP-6079 "On approval of the" Digital Uzbekistan-2030 "Strategy and measures for its effective implementation" was adopted".

Decree of the President of the Republic of Uzbekistan No. PP-4699 of April 28, 2020, provides for a doubling of the share of the digital economy in GDP by 2023, including the introduction of a complex of information systems in production management, financial and economic reporting, use, as well as its rapid formation through automation technological processes [8].

Several accounting programs have been created in our country, which are currently used by enterprises and organizations. The advantages of this program over manual accounting are that when using the program, firstly, it saves time, secondly, the original details of the document are automatically filled in, thirdly, there are no arithmetic errors when processing information, and fourthly, it is possible to increase information necessary for making management decisions. It will be possible to fill out tax and financial statements in the prescribed form without errors, sixth, it will be possible to send information and reports to users using information and communication technologies, seventh, this will reduce paper costs [9-10].

Today, several accounting programs are used in the country, including 1UZ, BEM, 1C: software adapted to our national legislation, Uzsbo, Estat programs and sites my.soliq.uz, faktura.uz, Internet banking, didox.uz are used for some accounting objects. 1UZ, BEM, 1C: The software allows enterprises to obtain information for accounting, making management decisions, regardless of what type of activity they are engaged in. The Uzasbo program is designed for accounting in budgetary organizations and obtaining the necessary information.

Estat software is designed to generate statistical reports, maintain records and obtain the necessary information. In addition, for some accounting objects, my.soliq.uz, faktura.uz, Internet banking, didox.uz are used. These sites allow you to create and send electronically certain accounting processes, such as tax reports, invoices and money orders [11-13].

Although accounting software is developed today, we are far from believing that it is fully used by all businesses and organizations. In particular, small businesses do not fully use accounting software.

Refusal to use software complicates the work of accounting entities and increases the number of errors, as well as the impossibility of promptly obtaining analytical information in the form necessary for monitoring and making decisions on the activities of the enterprise.

CONCLUSION

In conclusion, we note that the effective use of software products in accounting in our country with the help of information and communication technologies is one of the key factors in fulfilling the tasks set for the digitalization of the economy. In connection with the above, special attention should be paid to raising the level of education in the system of compulsory school education, secondary specialized and higher education in order to acquire the necessary skills to

use and apply information and communication technologies and create problems for enterprises and enterprises, organizations with software and information and communication technologies. We must provide professionals to do this job.

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MODERN SYSTEMS OF PERSONNEL ASSESSMENT OF THE ENTERPRISE USING THE METHOD OF KPI (KEY PERFORMANCE INDICATORS)

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ABSTRACT

The paper considers the essence of the personnel evaluation system of the enterprise using the method of KPI (Key Performance Indicators) and analyzes the mechanism of its application. The basic procedures of modern assessment technology at all stages of personnel management are studied. The peculiarities of complex assessment of the employee, developed for different categories of personnel of the organization are considered. The measures and procedures of the personnel assessment system KPI used are analyzed. The methodical recommendations for the introduction of the KPI method as an effective system of personnel evaluation.

KEYWORDS: *Personnel Reserve, Personnel Evaluation, Kpi (Key Performance Indicators), Professional Development, Skill Level, Performance Indicators.*

INTRODUCTION

Modern conditions of competition and the rapid development of scientific and technological progress make modern enterprises dynamically change their goals and adjust the directions of activity. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan: "On the introduction of criteria for evaluating the effectiveness of joint-stock companies and other business entities with a state share" gives an additional impetus to the development of KPI in RUz. Accordingly, qualification requirements and job responsibilities of employees change. To form a rational system of personnel training, to coordinate it with the remuneration system and to develop effective programs for motivating people helps to assess the performance of employees, provides measurement and control of compliance of key indicators with the established criteria.

METHODOLOGY

The basic condition of success in the modern market system is the personnel of the enterprise, which can achieve the set goals. Organization cannot count on long-term development and competitiveness without effective management of people and competent organization of their activities, the basis for the provision of which is the assessment of the state of personnel management dominant to improve the staff, its motivation and appropriate pay.

The methodological basis of the study of personnel assessment was laid in the scientific works of such scientists as Martin Fowler, Jackson S.E., Schuler R.S., Lepak D., Tarique I., Mann A., Harter J. The works of G. Azarenkov, L. Balabanov, L. Galliy, G. Kozitskaya, T. Lepeyko, L. Lutay, A. Mironov, S. Sardak, L. Sokolova, A. Tretiak, V. Shpandaruk are devoted to development and problems of personnel assessment, analysis of personnel assessment practice in developed countries and basic tendencies in this sphere. A great contribution to the study of personnel motivation has been made by domestic authors Sabirjanova D.K. and Zainutdinov Sh.

However, it should be noted that there are not enough studies specifically dedicated to the development of a unified methodology and algorithm for selecting a method of personnel evaluation of the organization and its implementation in practice today, which causes the need to focus on this issue in more detail.

The effective functioning of any enterprise is primarily determined by the degree of professional development of its staff. In modern conditions of fast obsolescence of knowledge, abilities and practical skills, one of the major factors of providing competitiveness of the enterprise on the market is a necessity to improve the constantly professional level of the employees. Development of new directions of activity of the organization, increase of a level of requirements to the quality of work of various categories of the personnel demands corresponding changes in the system of an estimation of the personnel.

The success of personnel management is determined by two main factors: the ability of the company to clearly define what behaviour of employees is required to achieve its strategy and the ability to apply effective managerial levers to direct employees to the desired behaviour. Both tasks are equally important and complex, especially in the market transformation of the economy. So, personnel assessment is the necessary means of studying the qualitative composition of the personnel potential of an organization, its strengths and weaknesses, as well as the basis for improvement of the individual labour abilities of an employee and upgrading his skills. As far as assessment results define the position of an employee at work and the perspective of his/her career growth, they are an important motivating factor for increasing the labour activity and attitude to work. Personnel performance appraisal is the process of collecting, analyzing and evaluating information about how employees perform the assigned work and finding out to what extent their work behaviour, work performance and individual characteristics meet the established requirements. So, personnel appraisal connects, unites all elements of the personnel management system into one whole.

The main procedures of modern technology of personnel assessment at all stages of personnel management are: determination of the purpose of assessment depending on the stage of personnel management, at which testing takes place; determination of the object of assessment depending on the stage of personnel management, at which testing takes place; determination of the subject of assessment depending on the stage of personnel management, at which testing takes place; determination of personnel assessment criteria in combination with their

professional environment, personal abilities and qualities, professional performance and professional potential;

- ❖ selection and preparation - preparation for the personnel assessment, which includes the preparation of the initial data required for the assessment, as well as the personal objects and subjects of the assessment;
- ❖ development of the work plan and activities to ensure the assessment of personnel;
- ❖ conducting the procedure of personnel assessment with recording the assessment results;
- ❖ processing and analysis of assessment results, development of recommendations and their preliminary agreement with the assessment subject as well as drawing up a personal evaluation card or another assessment document of the assessment subject;
- ❖ approval of the results of the assessment; - preparation of the personnel assessment.

The system of personnel assessment is the most fully manifested in the complex assessment of an employee, it can be developed for all the categories of the organization's personnel. Assessment for the sake of characterization and comparison includes analysis of personality assessment and job-related ability assessment. This approach relates personnel assessment solely to the job and the necessary skills and abilities to perform it effectively. In addition, this approach leads to an assessment of the skills and abilities needed for education, development, and improvement. The results of personnel assessment determine the suitability of the employee for the position, its possible prospects for professional and qualification promotion or climbing the career ladder. However, sometimes the results of personnel assessment can also lead to dismissal.

The results of the personnel assessment are used for the following purposes:

- streamlining means and methods of work, management procedures
- Improvement of the management structure;
- Improvement of a labour organization;
- evaluation of the efficiency of work of labour collectives and individual employees;
- building of an effective system of motivation of labour activity;
- Recruitment and placement of new employees;
- Formation of the personnel reserve;
- Evaluating the effectiveness of employee training;
- predicting the promotion of employees and career planning;
- Improvement of plans and programs for professional development;
- strengthening of democratic principles in management. To create an effective personnel appraisal system in the organization one must follow several rules, the most important of which are: interest and support of top management, availability of highly qualified employees in the organization, who are responsible for the use of personnel appraisal system, thorough preparation of documents, regulating the work of personnel appraisal system, timely informing the personnel about the purposes and content of personnel appraisal system and establishment of the clear connection of personnel appraisal system with the system. For an objective appraisal of

personnel, there should be used different methods, which should correspond to the structure of an enterprise, the character of personnel activity and aims of appraisal. The labour quality management system characterizes the peculiarities of the expended labour force, its differences from the point of view of internal properties which is expressed by the level of professional skills of an employee, his education, conscientiousness, creativity, interest and communicability. Functioning of this system in the scientific-production enterprise is aimed at achieving the maximum result from the growth of labour quality to optimize the costs of the enterprise, arising at different stages of economic activity on development to implementation of products, and in the end - to increase the competitiveness of the enterprise. In this case, the level of quality of individual results of workers' labour is determined not only at the time of completion of the labour process. It is checked in practice in the course of the use of created products. Low quality of labour has a comprehensive negative effect on the work of the enterprise. Orientation of modern enterprises on the standards of ISO 9001 series when building and improving the system of management and evaluation of personnel quality does not fully justify itself, because this model covers only some aspects, in particular the issues of documentation and staff qualification. The main problem remains the possibility of transition from a negative to a satisfactory condition, while there is a lack of the following levels and benchmarks for future development. That is why it is urgent to search for a method of personnel work quality evaluation, which will help to form the most complete picture of the real situation at the enterprise and define the main reference points of the work quality management system. The method of KPI (Key Performance Indicators) is considered to be an effective personnel evaluation tool. It should be noted that today many companies hardly ever use modern methods of personnel assessment, and those methods that are in place are ineffective. To improve the system of personnel assessment we propose a project based on the implementation of the KPI approach with the involvement of a trainer-consultant.

The main stages of the new personnel evaluation system project:

1. Appointment of responsible executors.
2. definition of terms, goals, scope, possible assessment results.
3. Formation of the KPI implementation and development strategy.
4. Research of process indicators (which testify to the results of the process, how customer requests are processed, how new products are created and introduced to the market).
5. Study of customer metrics (how satisfied customers are, how interaction with sales markets is handled, how many customers were able to attract).
6. Study of financial indicators (level of profitability, turnover, market value of products, financial flow).
7. Study of development criteria (show how dynamically the company is developing. This is the degree of productivity of specialists, the level of staff turnover, the cost of each of the employees, the motivation of employees).
8. Study of indicators of the external environment (how the price fluctuates, what is the level of competition, what is the pricing policy on the market).
9. Study of key functions (business processes) of all positions involved in the project.
10. Explaining to the employees the advantages of using the KPI system.

11. Development of the KPI system and the motivation system on the basis of KPI (the development materials are goals and KPI, which will be developed by managers during training, and also a method developed by a consultant using key strategic priorities (success factors) and understanding of the employee's functions. It allows the development of goals, KPIs and objectives to achieve them as quickly as possible).
12. "Work plan" for each KPI (independently by the units).
13. Preparation and coordination of documents with the management.
14. Automation of KPI system in the electronic program (entering all data into the system, setting up and trial operation).
15. Preparation of the final report containing the hierarchical list of goals and KPI for the entire company.
16. Implementation of KPI in test mode, making necessary changes.
17. Monitoring the results of KPI system implementation.

Methodology of the KPI evaluation foresees that for each position in the Company two models of current results and competencies are developed. The first one lists all the criteria which should be used to assess the efficiency of an employee - quantitative and qualitative, team and individual. The second one lists competencies required for the position - corporate, managerial and expert ones. From two models five-seven basic indicators are selected to evaluate employee's competence results for the specific period and recorded in the employee's personal activity table. Competences, in this case, are equated to qualitative results of his work. The immediate supervisor of the employee assigns a weight from 0 to 1 to each of the selected indicators. He is guided only by his own priorities. The total weight of the indicators should be equal to one. Three levels of performance are set for all indicators first The base - the starting point from which the result is counted. The worst value. Norm - the level that must necessarily be achieved taking into account all circumstances. Target - the level to which to strive for, a kind of ideal value. After the end of the control period, all KPIs are evaluated. The qualitative ones are evaluated on an ordinal 100-point scale, and the quantitative ones on a natural metric scale.

The following types of KPIs are distinguished:

- 1) Target indicators - reflect these indicators approaching the set goal.
- 2) Process indicators - testify to the efficiency of the process and allow estimating - it is possible to perform a certain process faster or reduce costs without consequences for quality;
- 3) Project indicators - are connected with concrete goals of the project and testify to the efficiency of the whole project and its separate parts;
- 4) External environment indicators - these indicators cannot be influenced directly, but they should be considered, for example, when developing target indicators.

Among the external KPIs can be noted fluctuations in cost, the prevailing price level in the market. The introduction of a KPI system in an organization takes place in several stages. The sequence of stages is decisive, and its change harms the performance of the system. It should be noted that the KPI evaluation system is a set of measures and processes that are systematic in nature and are part of the personnel management system. The choice of the evaluation system and methods largely depends on the level of development of the company and the tasks it sets for

itself. In this system of evaluation, we do not compare employees with each other, because only the degree of compliance of employees' activities with the standards of work performance can be compared. So, the KPI evaluation method serves as a tool for systematic performance evaluation of both an individual performer and a unit as a whole. Key performance indicators are selected indicators of the success of specific employees, departments, departments and measured in quantitative (time, number of units, profit volume, reject rate) or qualitative terms (level of competence, quality of service).

As a rule, minimum target and maximum values are set for assessment (for example, the minimum number of manufactured parts for the quarter, the expected or target number of parts and the maximum number of manufactured parts for the quarter). In most cases, KPIs are generated for each employee on an annual basis and the results are compared with the targets at the end of the set period. Thus, the KPI method acts as an important tool of functioning of an effective personnel labour quality management system, providing for review of principles of assessment and stimulation of employees, implementation of regulatory documents regulating its constant application.

Employees form responsibility for personal work results, the level of qualification increases, market thinking arises. As a result, inefficient employees, who cannot work in a result-oriented organization, are eliminated. The implementation of this system forms a team of effective employees who are able to be responsible for their results.

CONCLUSION

Personnel appraisal is the necessary means of studying the qualitative composition of the personnel potential of an organization, its strengths and weaknesses, as well as the basis for improvement of individual abilities of employees and upgrading their skills. A personnel estimation system should be based on the principles of effectiveness, to provide a high level of the employees' motivation; on the principles of practicality, that is the achievement of a maximum convenience for those who are estimated and for those who are subject to the estimation and on the principles of comprehensibility and availability. Thus, the main directions of personnel labour quality management are increasing the labour force quality; labour protection level enhancement; technological production level increase; optimization of organizational quality factors and attitude to labour. It is suggested to apply the modern method of KPI as a universal tool of personnel estimation, which is a complex of measures or actions, has a systematic character and is a part of the personnel management system. The further researches should be directed on the research of influence of the application of the given technique of an estimation features of the functioning of control system by the quality of work at any enterprise.

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