

American Journal of Economics and Business Management

Vol. 9 Issue 7 | **pp.** 590-595 | **ISSN:** 2576-5973

Available online @ https://www.globalresearchnetwork.us/index.php/ajebm

Article

Criteria For Evaluating The Management Efficiency Of Industrial Enterprises

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Abstract: This article is devoted to the comprehensive study of criteria for evaluating the management efficiency of industrial enterprises under conditions of economic modernization, digital transformation, and increasing competitive pressure in global and national markets. The relevance of the research is обусловлена the growing need for objective and multidimensional assessment tools that allow enterprises to ensure sustainable development, improve performance outcomes, and strengthen their competitive positions. In modern industrial systems, management efficiency is not limited to financial results but encompasses a wide range of economic, organizational, technological, and social dimensions. The purpose of the study is to develop and systematize a set of criteria that provide an integrated assessment of management effectiveness in industrial enterprises. To achieve this goal, the article analyzes classical and contemporary theoretical approaches to management efficiency, including productivity-based models, cost-oriented evaluation, and value-based management concepts. The research also considers the evolution of management paradigms influenced by globalization, innovation processes, and the transition toward knowledge-based economies. The methodology of the study is based on a combination of system analysis, comparative analysis, and synthesis of scientific literature, as well as the generalization of best practices in industrial enterprise management. The article identifies and classifies key evaluation criteria into several groups: economic (profitability, cost efficiency, return on investment), production (output volume, capacity utilization, product quality), organizational (management structure effectiveness, decision-making speed, coordination), and innovative (level of technological development, implementation of innovations, digital transformation).

Keywords: management efficiency, industrial enterprises, performance evaluation, efficiency criteria, production management

1. Introduction

In the context of advancing the economic development of New Uzbekistan, the sustainable development of industrial enterprises, ensuring their competitiveness, and achieving high economic performance largely depend on the effectiveness of their management systems. Effective management is essential for the rational use of production resources, improvement of product quality, enhancement of labor productivity, and maintenance of financial stability.

Therefore, the continuous assessment of management efficiency is regarded as one of the key priorities in the operation of every industrial enterprise. In this regard, the assessment of management efficiency is applied to determine the social, economic, organizational, and innovative outcomes of managerial decisions and to evaluate their impact on enterprise performance. This process enables management to identify existing problems, mobilize internal resources, and further improve the quality of managerial decision-making and organizational governance.

Citation: Abdullaev Farkhod Ozodovich. Criteria For Evaluating The Management Efficiency Of Industrial Enterprises. American Journal of Economics and Business Management 2026, 9(7), 590-595

Received: 19th Mar 2026

Revised: 30th Apr 2026

Accepted: 20th May 2026

Published: 29th Juli 2026

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Various studies have been conducted on the criteria for evaluating the management efficiency of industrial enterprises. In particular, some researchers have analyzed the organizational management of large business entities and investigated the improvement of the corporate performance of structural divisions based on practical management principles [1]. During these studies, sampling, observation, system analysis, economic analysis, and questionnaire survey methods were employed to identify existing problems within management systems. According to other studies, the characteristics of modern approaches to evaluating the performance of industrial enterprises, as well as the groups of performance evaluation indicators, have been examined [2]. These studies emphasize the application of benchmarking in assessing business performance and justify its effectiveness within the framework of a comprehensive evaluation approach.

Another group of studies substantiates the importance and necessity of assessing the value of industrial enterprises and proposes recommendations for improving enterprise valuation methodology [3]. In particular, these studies identify the approaches and methods used for enterprise valuation, analyze their advantages and limitations, and develop methodological recommendations for their effective application in practice. Furthermore, other researchers have analyzed the methodological aspects of evaluating the effectiveness of innovation management in industrial enterprises based on a systematic assessment of innovation performance indicators [4]. Specifically, they have developed methodological recommendations for the comprehensive evaluation of innovation management efficiency using a system of indicators that characterize the level of innovative development of industrial enterprises.

According to another study, the factors affecting the competitiveness of industrial enterprises, particularly metallurgical enterprises, and a systematic approach to their evaluation have been examined [5]. The study focuses on product and service differentiation as an effective strategy for better satisfying consumer needs and market demand. Furthermore, previous studies indicate that the evaluation of business process management efficiency in industrial enterprises is based on a variety of business process performance indicators [6]. These indicators include customer satisfaction, product quality, economic and financial performance, as well as the effectiveness of the organizational management structure. Accordingly, a comprehensive system of indicators is required to assess management performance objectively. Other studies have investigated the management of industrial enterprises and demonstrated the objective necessity of selecting optimal decision-making alternatives and performance indicators for evaluating management efficiency [7]. Based on these findings, practical directions for improving enterprise management have been identified.

In addition, some researchers have addressed the determination of management efficiency criteria for industrial enterprises as one of the key issues in management science and have examined approaches to evaluating the effectiveness of managerial activities [8]. These studies provide an expanded interpretation of management efficiency by considering it as a comprehensive set of evaluation criteria and assessment methods designed to examine the adopted management concept from multiple perspectives. Moreover, other studies have analyzed modern approaches to evaluating the performance of industrial enterprises, with particular emphasis on the criteria of financial and economic performance [9]. Specifically, these studies highlight the importance of comprehensive evaluation systems that encompass the performance indicators of both the enterprise and its business partners, thereby providing a broader assessment of enterprise performance.

2. Research Methodology

This study employs a combination of qualitative and analytical research methods to investigate the criteria for evaluating the management efficiency of industrial enterprises from both theoretical and practical perspectives. The research methodology includes observation, comparative analysis, system analysis, synthesis, logical reasoning, abstraction, induction, deduction, and analogy. These methods enable a comprehensive assessment of management efficiency criteria and facilitate the development of scientifically grounded conclusions and practical recommendations.[10]

3. Result and discussion

The effectiveness of management in industrial enterprises is evaluated using a system of social, economic, organizational, innovative, and strategic indicators. These criteria provide a comprehensive assessment of management performance and facilitate the identification of strengths and weaknesses in enterprise management:

- social efficiency criteria. Human capital is regarded as the most valuable resource of an industrial enterprise. Therefore, particular attention is given to social indicators when evaluating management efficiency. These indicators include employee job satisfaction, labor discipline, staff turnover, employee qualification and professional development, occupational health and safety, and the socio-psychological climate within the workforce. A high level of social efficiency enhances employee motivation, increases labor productivity, and contributes to the development of a healthy corporate culture.[11]
- economic efficiency criteria. Economic efficiency reflects the extent to which managerial decisions improve the financial performance of an enterprise. It is evaluated through indicators such as profit growth, profitability, reduction in production costs, labor productivity, efficiency in the utilization of fixed assets, turnover of working capital, and reduction of operating expenses. These criteria make it possible to determine the financial impact of management decisions. Effective management ensures efficient resource utilization, minimizes costs, and contributes to sustainable revenue and profit growth.
- organizational efficiency criteria. Organizational efficiency reflects how effectively the management system is designed and operated. The main indicators include the appropriateness of the organizational structure, the proper allocation of responsibilities and authority, the speed of managerial decision-making, the effectiveness of information exchange, coordination of business processes, and efficient utilization of working time. Enterprises with a high level of organizational efficiency generally demonstrate faster decision-making processes, reduced bureaucratic procedures, and uninterrupted production operations.[12]
- innovation efficiency criteria. To achieve sustainable competitive advantage, modern industrial enterprises must continuously introduce innovations. Therefore, innovation efficiency is assessed through indicators such as the level of implementation of new technologies, the application of digital management systems, the number of innovation projects, investments allocated to research and development (R&D), and the rate of new product development. Effective innovation management significantly strengthens an enterprise's competitive position in the market.

It should be emphasized that the primary objective of management in industrial enterprises is to ensure the long-term sustainable development of the enterprise. For this purpose, the following strategic criteria are commonly applied:

- the degree of achievement of strategic objectives;
- growth in market share;
- increase in export volume;
- the ability to attract investment;
- improvement in competitiveness;
- financial sustainability of the enterprise.

Accordingly, strategic criteria enable managers to evaluate the long-term outcomes of managerial decisions and determine whether the enterprise is moving toward its strategic objectives.[13]

Various analytical methods are also employed to evaluate management efficiency in industrial enterprises. The most widely used methods include economic analysis, comparative analysis, ratio analysis, expert evaluation, SWOT analysis, the Key Performance Indicators (KPI) system, and the Balanced Scorecard (BSC) approach. These methods facilitate the identification of the strengths and weaknesses of management activities and provide a scientific basis for developing practical measures to improve managerial performance.

Based on these approaches, the management efficiency of industrial enterprises is assessed using a set of economic and managerial performance indicators, calculation formulas, and analytical techniques, as presented in Table 1.

Table 1

Criteria for Evaluating the Management Efficiency of Industrial Enterprises

No	Evaluation criterion	Calculation formula	Components and explanation
1	Labor productivity (LP)	$LP = \frac{Q}{N}$	Where: Q - volume of manufactured products; N - number of employees. A higher value of this indicator indicates more effective management
2	Sales profitability (Rs)	$Rs = \frac{NP}{R} * 100\ \%$	Where: NP - net profit; R - revenue from sales. This indicator reflects the level of enterprise profitability
3	Return on Assets (ROA)	$ROA = \frac{NP}{TA} * 100\ \%$	Where: NP - net profit; TA - total assets. This indicator evaluates the efficiency of asset utilization
4	Return on Equity (ROE)	$ROE = \frac{NP}{E} * 100\ \%$	Where: NP - net profit; E - equity capital. This indicator is considered an important measure for investors
5	Cost efficiency (CE)	$CE = \frac{R}{C}$	Where: R - revenue from sales; C - total production costs. This indicator shows the amount of revenue generated per unit of cost incurred
6	Fixed asset turnover (FAT)	$FAT = \frac{R}{FA}$	Where: R - revenue from sales; FA - average value of fixed assets. This indicator reflects the level of utilization of fixed assets
7	Working capital turnover (WCT)	$WCT = \frac{R}{WC}$	Where: R - revenue from sales; WC - working capital. A higher turnover rate indicates more efficient management
8	Share of management expenses (ME)	$ME = \frac{MC}{C} * 100\ \%$	Where: MC - management costs; C - total production costs. A lower value of this indicator is considered preferable
9	Profit growth rate (PGR)	$PGR = \frac{(P1-P0)}{P0} * 100\ \%$	Where: P_1 - current year profit; P_0 - base year profit. This indicator reflects the growth dynamics of enterprise profitability
10	Key Performance Indicator (KPI) achievement level	$KPI = \frac{Actual\ result}{Planned\ result} * 100\ \%$	This indicator evaluates the degree of achievement of management objectives

Based on Table 1, the evaluation of management efficiency in industrial enterprises requires an integrated analysis of the above-mentioned indicators, as they are closely interrelated. It is not possible to provide a comprehensive assessment of management performance based solely on economic indicators. Therefore, labor productivity, profitability, cost efficiency, asset utilization, and management costs should be evaluated comprehensively to obtain an objective assessment of management effectiveness.[14]

Among these indicators, labor productivity is considered one of the most significant measures of management efficiency. A year-on-year increase in output relative to the number of employees indicates that managerial decisions are being implemented effectively. However, improvements in labor productivity should be achieved through technological advancement and the optimization of production and business processes rather than through a decline in product quality or an excessive

workload imposed on employees.

Profitability indicators reflect the financial outcomes of management activities. High levels of sales profitability and return on assets indicate the efficient utilization of enterprise resources. When revenue increases while operating costs remain under effective control, net profit also increases, demonstrating the effectiveness of managerial decisions.

The fixed asset turnover ratio and working capital turnover ratio assess the efficiency of resource utilization within the production process. Improvements in these indicators signify more effective use of production equipment, optimal inventory management, and faster circulation of working capital, all of which contribute to enhanced operational performance.

The proportion of management expenses within total operating costs is another important indicator of management efficiency. A relatively high share of management costs may indicate excessive administrative expenditures. Therefore, the implementation of modern digital management systems, automation of document workflows, and optimization of managerial processes can significantly reduce administrative costs and improve overall management performance.

Furthermore, the profit growth rate and Key Performance Indicators (KPIs) provide valuable information regarding the effectiveness of managerial decisions. High levels of KPI achievement indicate that operational activities are well aligned with the enterprise's strategic objectives, thereby confirming the effectiveness of the management system.[15]

Conclusion. The evaluation of management efficiency in industrial enterprises is based on a comprehensive assessment of the enterprise's economic, organizational, social, innovative, and strategic performance. Effective management plays a decisive role in increasing production output, improving product quality, reducing operating costs, enhancing labor productivity, and strengthening the competitiveness of industrial enterprises. Therefore, the continuous assessment and improvement of management efficiency through scientifically grounded approaches and practical measures are essential for ensuring the sustainable development of industrial enterprises. Consequently, a comprehensive analysis of economic, organizational, and financial indicators represents the most appropriate approach to evaluating management efficiency. Such an integrated assessment enables enterprise managers to make well-informed decisions regarding the efficient utilization of resources, cost reduction, productivity improvement, and the enhancement of the enterprise's long-term competitiveness.

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