

## MEASURES TO INCREASE THE EFFICIENCY OF SERVICE ENTERPRISES

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**Abstract.** This article examines the issues of improving the efficiency of small enterprises operating in the service sector. Under the conditions of innovative development, the study highlights key directions for ensuring the competitiveness of small service enterprises, improving financial support mechanisms, developing human capital, and forming innovative infrastructure. In addition, practical recommendations are proposed to ensure the sustainability of small enterprises through service quality management and the development of innovative activities.

**Keywords.** Small business, service sector, efficiency, innovation, competitiveness, infrastructure.

In the context of innovative development of the economy, it is achieved by increasing the efficiency of enterprises in the service sector, ensuring their competitiveness in the services market, improving quality indicators through innovative activities, and increasing the level of intellectualization of labor processes. This goal cannot be achieved without fully transitioning the economy of our republic to an innovative model, which requires the creation of an effective system of stimulating the sustainable development of the service sector in the country and the practical implementation of innovative ideas, developments and technologies in priority sectors of the industry.

Despite the conditions created for the development of business in our country today, it still has its own main problems, which include: the presence of high credit rates; limited financial resources for the implementation of activities; high rental prices; shortage of qualified workers; fundamental changes in the government's economic policy; the inability of most enterprises to cope with the high level of competition;

problems with registering entrepreneurship; lack of available premises for enterprises; problems with entering foreign markets, etc.

Let's focus on the main characteristics of these problems.

1. High credit rates for entrepreneurial activity. It is known that most business entities start their activities by obtaining loans. Therefore, in order to ensure the solvency of service enterprises on credit and to develop entrepreneurial activity, it is necessary to ensure that credit rates are provided at favorable interest rates. In addition, many banks and financial institutions no longer risk granting loans to entrepreneurs who have just started their business and assess their repayment guarantees at a low level. This leads to obstacles to entrepreneurial activity based on economic and administrative restrictions.
2. Limited financial resources. Another problem of service enterprises at the initial stage of their activity is the limited funds available to them and borrowed from banks or other legal entities to expand their scope of activity. It is almost impossible for a new entrepreneur to get a loan. Most new entrepreneurs are forced to avoid using loans and credits due to their impossibility. As a result of their receipt, 60% of enterprises fail in the first two years of operation. Another reason is the high risks associated with lending to businesses and the general costs of banks, which are almost the same as for loans.
3. High rental fees. This is a serious obstacle for businesses, as the lack of state support makes it difficult to purchase or rent land or buildings. It is almost impossible to get a loan in this process. New buildings of this type are being built very rarely, and their cost is even higher. Nowadays, many enterprises rent one office space and divide it into parts. Over the past 3 years, the share of such enterprises has increased from 3.0% to 15.0%.
4. Lack of qualified workers in service enterprises. Enterprises have problems with hiring qualified specialists in any field. In market conditions, large companies hire more qualified workers, who can offer incentives in the form of higher salaries and bonuses. Enterprises operate in a "fast-paced world" where the information environment is

constantly changing, managers must constantly monitor changes in their field of activity and adapt to new conditions. Assessing the reasons for the closure of business entities, more than half of the business leaders surveyed believe that this situation is associated not only with environmental factors, but also with low qualifications of entrepreneurs. Therefore, for enterprises, improving the skills and training of existing employees, obtaining the necessary business and specialized knowledge through distance learning and consulting remains an urgent problem.

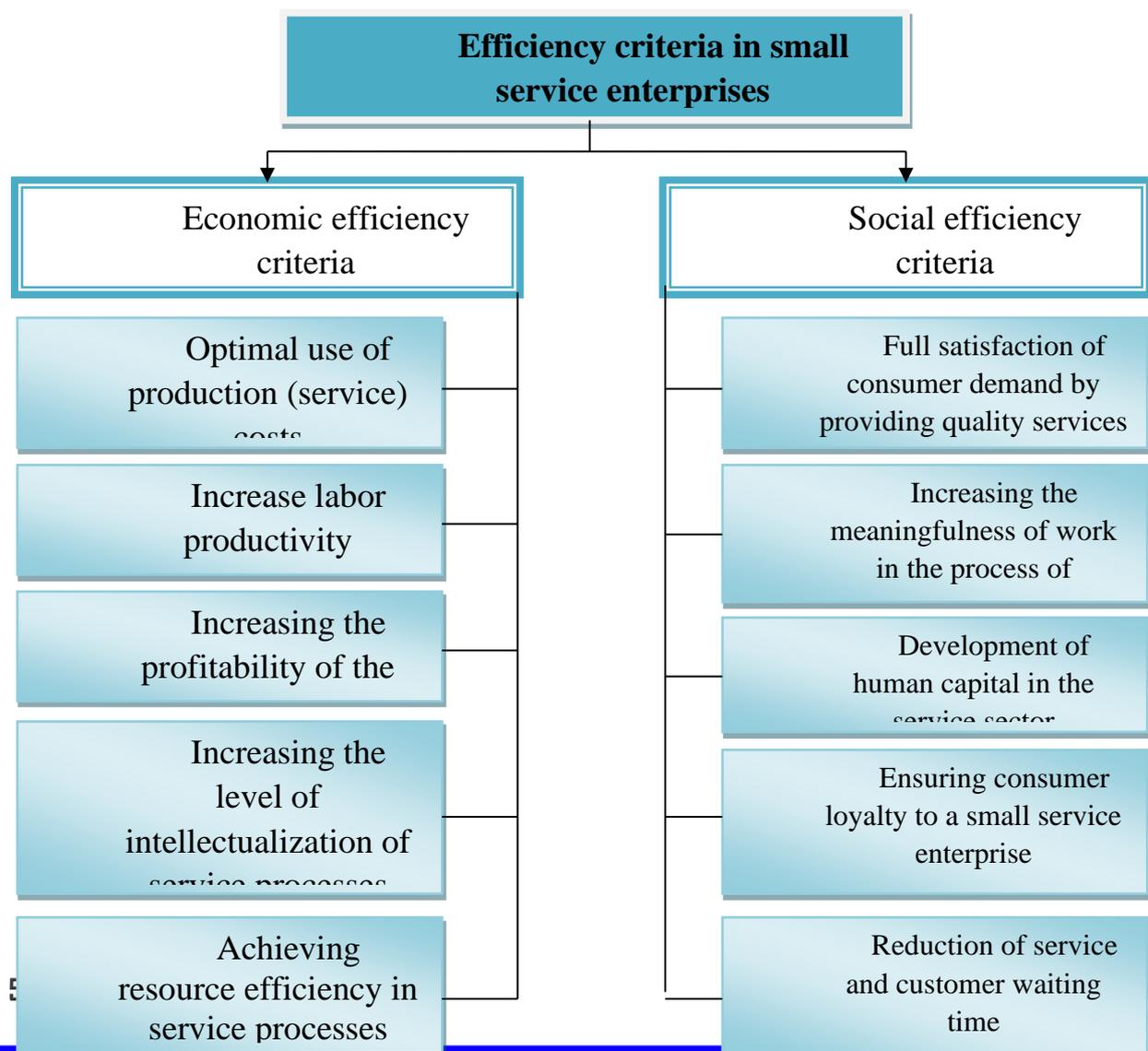
5. The problem of service enterprises entering the domestic market. The problem that any new entrepreneur faces is that if his product (service) is not a “pioneer” in this area, it is quite problematic to enter the market. Large companies can advertise their products (services), reduce prices and profit from turnover, and even at some point sell the product at cost to attract attention to it. One of the most common ways for a business to enter the market is the high quality of the product (service) they produce.

6. Other problems associated with the activities of service enterprises. These problems include: low level of infrastructure development; the presence of administrative barriers to state support for business; existing monopolies in some areas of service provision, etc.

In order to achieve the efficiency of enterprises in the service sector, it is important to develop a promising strategy aimed at ensuring their competitiveness, improving the quality of services, developing human resources in enterprises in the sector, and introducing innovations into service processes, taking into account internal and external factors of the development of the services market.

The system of management of innovative activities of service enterprises has a complex system structure. Therefore, when forming the system of management of innovative activities, the approaches and principles adopted for basic and complex systems should be taken into account.

The expected effect from the implementation of the strategy is aimed at increasing the efficiency of service enterprises, and its implementation will create a basis for achieving target indicators for the adoption of state target programs and programs for sustainable development of enterprises in the industry. Increasing the efficiency of enterprises in the service sector is of great strategic importance in the context of innovative development of the economy. The results of the study show that the sustainable operation and competitiveness of service enterprises are closely related, first of all, to the introduction of innovative approaches, the effective use of financial resources, increasing human resources, and improving the quality management system of services.



**Figure 1.1. Criteria for social and economic efficiency in small service enterprises**

Despite the conditions created for business development in our country, high credit rates, limited financial resources, a shortage of qualified personnel, and insufficiently developed innovation infrastructure negatively affect the activities of service enterprises. Eliminating these problems requires a comprehensive and systematic approach.

Based on the above, we consider it appropriate to make the following proposals to increase the efficiency of enterprises in the service sector:

- improving financial support mechanisms for service enterprises, in particular, the widespread introduction of preferential loans, leasing and venture financing instruments;
- strengthening the activities of technoparks, business incubators and innovation centers through the development of innovation infrastructure and expanding their use by enterprises;
- increasing human resources capacity in service enterprises, developing a system of retraining and advanced training of employees based on modern forms of education;
- expanding competitive types of services that meet market requirements by introducing and improving a service quality management system;
- forming an innovation management system in service enterprises and regularly monitoring the effectiveness of implementing innovation projects.

The implementation of these proposals in practice will serve to increase the efficiency of enterprises in the service sector, strengthen their competitiveness, and ensure sustainable economic development.

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