

WAYS TO IMPROVE THE ECONOMIC MECHANISM OF INCREASING THE EFFICIENCY OF ENTERPRISES IN THE SERVICE SECTOR

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Abstract. This article analyzes theoretical and practical aspects of increasing efficiency of service enterprises in the service sector, which is an important component of the modern economy. The economic mechanisms, their content, types and methods of organizing effective activities of service enterprises are highlighted. Proposals are developed to increase competitiveness, improve financial results and ensure economic efficiency of business entities in the service sector.

Keywords. Service sector, economic efficiency, enterprise activity, economic mechanism, competitiveness, quality, financial results.

In the conditions of a modern market economy, the service sector is one of the most rapidly developing sectors of the national economy. Service provision is inextricably linked with the consumption of goods and is of great importance in raising the standard of living of the population, ensuring employment and stimulating economic growth. In recent years, much attention has been paid to the revival and development of the service sector in Uzbekistan, which further increases the relevance of increasing the efficiency of the activities of enterprises in this sector. Economic mechanisms for increasing efficiency in the service sector are a complex, multifaceted system that includes all elements, from the internal capabilities of enterprises to external factors of the economic environment. The concept of efficiency in service enterprises has its own characteristics that differ from those in manufacturing enterprises. The main goal is to assess the

economic efficiency of service enterprises and develop relevant mechanisms for its improvement. The following tasks were set for the study:

- To determine the content and measurement indicators of the efficiency of service enterprises;
- Analysis of economic factors affecting efficiency;
- Development of modern economic mechanisms for increasing efficiency;
- Proposals for their application in the national economy.

The concept of economic efficiency (effectiveness) is one of the central concepts of modern economics and has its own interpretation in different areas. When applying efficiency in the service sector, it is necessary to take into account the specific characteristics of this sector. The main differences between services and goods are noticeable in assessing efficiency. The immediacy, inseparability, non-storability and diversity of services affect efficiency indicators. Improving efficiency in service enterprises is achieved by ensuring the efficiency and effectiveness of resource use. This means improving the financial results of the enterprise, improving the quality of services and ensuring consumer satisfaction. The price mechanism, financial incentives, creating a competitive environment and systems for stimulating innovative activity are considered as economic mechanisms for increasing efficiency. A complete and objective assessment of efficiency in service enterprises requires a system of multidimensional indicators. These indicators are divided into the following groups:

- ✓ First, financial indicators. The most common way to measure efficiency is to use profitability (profit) indicators. This group includes:
 - Net profit margin (reflects the profitability of expenses);
 - Return on assets (effectiveness of asset use);

- Return on equity (reflects the income of capital owners);
- Pre-tax profit and net profit.
 - ✓ Secondly, operational efficiency indicators:
 - Labor efficiency (volume of service per employee);
 - Fund efficiency (efficiency of use of fixed assets);
 - Efficiency of material costs (economical use of resources);
 - Capital turnover (speed of asset turnover).
 - ✓ Thirdly, market-oriented indicators:
 - Consumer satisfaction with the quality of services;
 - Market share dynamics;
 - Customer loyalty level;
 - Speed of development of new services;
 - Determination of competitive position.
 - ✓ Fourth, socio-economic indicators:
 - Creation of new jobs;
 - Level of employee wages and their growth;
 - Level of fulfillment of corporate social responsibility;
 - Minimization of environmental impact.

The efficiency of service enterprises depends on a number of external factors, which are divided into the following groups:

- **Macroeconomic factors:** The level of development of the national economy, the pattern of GDP growth, the inflation rate, the stability of the exchange rate and monetary policy shape the demand for services. During periods of economic stability, favorable conditions are created for service enterprises, on the contrary, during periods of crisis, demand decreases and efficiency decreases.
- **Legal and regulatory environment:** State regulation of the service sector, licensing procedures, quality standards, tax policy and labor legislation directly affect the activities of enterprises. Guaranteed economic freedom and the right to do business have a positive effect on the efficiency of the activities of service entities.
- **Technological factors:** The development of information and communication technologies is leading to revolutionary changes in the service sector. Digital transformation allows enterprises to increase their operational efficiency, reduce costs and introduce new business models.

The internal efficiency of the enterprise depends on the use of its resources:

- **Human capital:** In the service sector, employees are a kind of “living capital”. Their level of qualification, service culture, customer service skills and motivation are decisive factors for efficiency. Highly qualified employees increase the quality of services, but on the contrary, they require higher wages.
- **Organizational capital:** The management system of the enterprise, the organization of business processes, corporate culture and organizational structure affect efficiency. Modern management methods (lean management, outsourcing, business plan reflection, etc.) help optimize costs.

- Material and technical base: The technical development of fixed assets, their level of use and modernization determine the volume and quality of services. Intensive use increases the efficiency of the asset, but also increases the rate of obsolescence.
- Innovative activity: The enterprise increases its competitiveness by developing new services, improving technological processes and updating management solutions. Innovations are a source of long-term efficiency growth.
- Pricing policy is the most important economic tool for managing efficiency in service enterprises. Through the pricing mechanism, it is possible to balance supply and demand, cover costs, and achieve target profits.

Pricing strategies affect efficiency in the following ways:

- Cost-plus pricing guarantees stable profits, but does not take into account market motivation;
- Competitive pricing helps to maintain market share, but profits are limited;
- Value-based pricing reflects the utility of the service for the consumer and allows for higher profits;
- Dynamic pricing (in some services) increases profitability by taking advantage of seasonal and hourly fluctuations in demand.

Analysis of price elasticity helps to determine the optimal price zone. When the negative elasticity of service prices is high, revenue is increased by reducing the price; with positive elasticity, the opposite is true. Cost management is one of the most effective ways to increase efficiency. In practice, the following methods are used: The concept of “lean management” or “wood” management is aimed at eliminating waste in service processes.

This is achieved by:

- Minimizing excess inventory;
- Reducing waiting time (queue);
- Increasing employee productivity at work;
- Reducing defects and rework.

By outsourcing and offshoring, it is possible to convert fixed costs into variable costs by transferring non-core functions (accounting, cleaning, security, information technology) to external organizations. This allows you to reduce capital expenditures and focus on core competencies.

By automating and digitizing processes, labor costs are reduced, the speed of service delivery increases, and human errors are eliminated. For example, by introducing online ordering systems, automatic billing systems, and information systems.

An internal incentive system creates motivation for employees to work effectively. The following methods are used in modern enterprises:

The performance-based wage system involves linking the variable part of the salary to the employee's personal results (sales volume, customer satisfaction, quality indicators). These “premium” systems are linked to the overall results of the enterprise, increasing team efficiency.

Non-financial incentives (job growth opportunities, training, recognition programs) strengthen the internal motivation of employees to work effectively. Non-material incentives play an important role, especially in creative services (remote service, consulting, education).

The creation of personal accountability centers increases the responsibility of departments and employees for independent profits and losses. This creates a relationship similar to the internal market and encourages the economical use of resources.

The quality of services is the key to customer satisfaction and repeat sales. Economic aspects of quality management:

The economic impact of quality is manifested in four stages:

1. “Prevention” costs (costs necessary to ensure quality);
2. Evaluation costs (quality inspection and testing);
3. Internal failure costs (re-service, waste of employee time);
4. External failure costs (complaint handling, warranty payments, loss of reputation).

Effective quality management allows you to dramatically reduce the costs of internal and external failures by increasing the “prevention” costs of the system. Standardization of services, the introduction of ISO quality standards and certification of service processes serve this purpose.

Investments are a source of long-term growth in efficiency. The following factors are taken into account when making investment decisions:

Projects are selected using investment efficiency assessment tools (ROI, net present value, internal rate of return). Effective projects can be aimed at increasing the volume of services, reducing costs, or capturing new markets.

Investment security is increased by diversifying risks. Systemic risks are reduced by increasing the diversity of services, diversifying geographical markets, and testing new business models.

Digital transformation investments are a modern obligation. Operational efficiency is increased through cloud technologies, big data analysis (Big Data), artificial intelligence, and automation. For example, booking systems are introduced in the hotel business, and online ordering systems are introduced in restaurants.

Competition is the most powerful stimulator of efficiency. Mechanisms at the enterprise level to increase competitiveness:

Formation of competitive advantages through strategic management. According to Michael Porter's priorities, the enterprise chooses one of the strategies of cost leadership, differentiation or specialization (focus).

Market share is strengthened by increasing customer focus. CRM systems (Customer Relationship Management) allow you to establish long-term relationships with customers, predict their needs and offer personalized services.

Synergy is created through strategic cooperation and integration. Vertical integration (acquiring suppliers or distributors) or horizontal integration (merger with competitors) helps to reduce costs and increase market power. Promising directions for increasing efficiency in the service sector of Uzbekistan are determined by rapid economic growth, improving the standard of living of the population and the introduction of modern information technologies. Within the framework of state programs, it is important to improve economic mechanisms in the following areas.

In the tourism services sector, it is necessary to increase the efficiency of investments in attracting foreign tourists through the development of architecture, transport and utility infrastructure. In the financial services sector, the rapid development of digital banking and payment systems will increase the speed of service delivery and reduce operating costs. In education and healthcare services, there are opportunities to improve

quality and optimize costs by expanding public-private partnership mechanisms. In transport and logistics services, strengthening the status of Uzbekistan as a regional transport center through attracting foreign investment and introducing modern technologies will yield effective economic results.

Improving the efficiency of enterprises in the service sector is a complex economic problem, the solution of which requires the integrated use of various mechanisms. According to the results of the study, the following conclusions were drawn:

-Firstly, improving efficiency in service enterprises involves not only improving financial indicators, but also consumer satisfaction, service quality and social responsibility. More accurate and multidimensional assessment systems should be introduced.

-Secondly, the effectiveness of economic mechanisms such as pricing, cost management and financial incentives largely depends on the quality of the enterprise's internal management and the external environment. A context-specific approach is required when introducing mechanisms.

-Thirdly, digital transformation and innovation are the most promising areas for improving efficiency in service enterprises. The introduction of information technologies allows reducing operating costs by 20-40%.

-Fourth, increasing the share of the service sector in the national economy and increasing the competitiveness of enterprises in this sector remains one of the priority tasks of state economic policy.

Proposals:

1. Encourage investment by establishing special tax incentives and reliefs for the service sector;

2. Improve the professional qualification system in the service sector and introduce programs to improve the quality of employees;
3. Increase state subsidies for the introduction of digital technologies for small and medium-sized businesses;
4. Strengthen state control over the quality of services and improve mechanisms for protecting consumer rights;
5. Create special refinancing programs for service enterprises and provide them with access to market capital.

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