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IMPROVING THE ORGANIZATIONAL AND ECONOMIC MECHANISM FOR THE DEVELOPMENT OF THE SERVICES SECTOR: PROBLEMS AND PROSPECTIVE DIRECTIONS

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Abstract. The development of the services sector is one of the key factors in ensuring sustainable economic growth, increasing employment, improving household incomes, and strengthening the competitiveness of regional economies. This study examines the organizational and economic mechanisms for developing the services sector and identifies priority directions for their further improvement. Particular attention is paid to the institutional environment, investment activity, digitalization, innovation, infrastructure development, and the effective use of human resources as major factors contributing to the efficiency and competitiveness of service enterprises. The study analyzes existing organizational and economic approaches to services sector development and highlights promising opportunities for expanding its growth potential, including further infrastructure modernization, more balanced territorial development, broader access to financial resources, continuous improvement of professional competencies, and wider adoption of modern digital technologies. Based on the analysis, measures are proposed to improve the organizational and economic mechanism through stronger public-private cooperation, the expansion of investment opportunities, the digital transformation of service delivery, the development of innovative business models, and the further enhancement of state support instruments. The study concludes that the coordinated implementation of institutional, financial, technological, and organizational measures can contribute to increasing the efficiency and competitiveness of the services sector and creating favorable conditions for its sustainable and prospective development.

Keywords: services sector, organizational mechanism, economic mechanism, service enterprises, digitalization, investment, innovation, infrastructure, competitiveness, sustainable development.

Annotatsiya. Xizmatlar sohasini rivojlantirish barqaror iqtisodiy o'sishni ta'minlash, bandlikni oshirish, aholi daromadlarini yaxshilash hamda hududiy iqtisodiyotlarning raqobatbardoshligini kuchaytirishning muhim omillaridan biri hisoblanadi. Ushbu tadqiqotda xizmatlar sohasini rivojlantirishning tashkiliy-iqtisodiy mexanizmlari o'rganilib, ularni yanada takomillashtirishning ustuvor yo'nalishlari aniqlanadi. Xizmat ko'rsatish korxonalarining samaradorligi va raqobatbardoshligini oshirishga xizmat qiluvchi asosiy omillar sifatida institutsional muhit, investitsion faollik, raqamlashtirish, innovatsiyalar, infratuzilmani rivojlantirish hamda inson resurslaridan samarali foydalanishga alohida e'tibor qaratilgan. Tadqiqotda xizmatlar sohasini rivojlantirishning mavjud tashkiliy-iqtisodiy yondashuvlari tahlil qilinib, uning o'sish salohiyatini yanada kengaytirishga xizmat qiluvchi istiqbolli yo'nalishlar, jumladan, infratuzilmani modernizatsiya qilish, hududiy rivojlanish muvozanatini mustahkamlash, moliyaviy resurslardan foydalanish imkoniyatlarini kengaytirish, malakali kadrlar salohiyatini oshirish hamda zamonaviy raqamli texnologiyalarni faol joriy etish masalalari yoritilgan. Tahlil natijalari asosida davlat-xususiy sheriklikni yanada rivojlantirish, investitsiya imkoniyatlarini kengaytirish, xizmatlar ko'rsatishni raqamli transformatsiya qilish, innovatsion biznes modellarini rivojlantirish va davlat tomonidan qo'llab-quvvatlash vositalarini takomillashtirish orqali tashkiliy-iqtisodiy mexanizmni yaxshilash bo'yicha chora-tadbirlar taklif etilgan. Tadqiqotda institutsional, moliyaviy, texnologik va tashkiliy chora-tadbirlarni o'zaro muvofiqlashtirilgan holda amalga oshirish xizmatlar sohasi samaradorligi va raqobatbardoshligini oshirishga hamda uning barqaror va istiqbolli rivojlanishi uchun qulay shart-sharoitlarni yaratishga xizmat qilishi asoslangan.

Kalit so'zlar: xizmatlar sohasi, tashkiliy mexanizm, iqtisodiy mexanizm, xizmat ko'rsatish korxonalari, raqamlashtirish, investitsiya, innovatsiya, infratuzilma, raqobatbardoshlik, barqaror rivojlanish.

Аннотация. Развитие сферы услуг является одним из ключевых факторов обеспечения устойчивого экономического роста, повышения занятости, улучшения доходов населения и укрепления конкурентоспособности региональной экономики. В данном исследовании рассматриваются организационно-экономические механизмы развития сферы услуг и определяются приоритетные направления их дальнейшего совершенствования. Особое внимание уделяется институциональной среде, инвестиционной активности, цифровизации, инновациям, развитию инфраструктуры и эффективному использованию человеческих ресурсов как основным факторам, способствующим повышению эффективности и конкурентоспособности предприятий сферы услуг. В исследовании анализируются существующие организационно-экономические подходы к развитию сферы услуг и выделяются перспективные направления дальнейшего расширения её потенциала, включая модернизацию инфраструктуры, укрепление

сбалансированного территориального развития, расширение возможностей доступа к финансовым ресурсам, повышение профессионального потенциала кадров и более активное внедрение современных цифровых технологий. На основе проведённого анализа предложены меры по совершенствованию организационно-экономического механизма за счёт дальнейшего развития государственно-частного сотрудничества, расширения инвестиционных возможностей, цифровой трансформации предоставления услуг, развития инновационных бизнес-моделей и совершенствования инструментов государственной поддержки. В исследовании обосновано, что скоординированная реализация институциональных, финансовых, технологических и организационных мер может способствовать повышению эффективности и конкурентоспособности сферы услуг, а также созданию благоприятных условий для её устойчивого и перспективного развития.

Ключевые слова: сфера услуг, организационный механизм, экономический механизм, предприятия сферы услуг, цифровизация, инвестиции, инновации, инфраструктура, конкурентоспособность, устойчивое развитие.

INTRODUCTION

The services sector has become one of the most important components of modern economic development. Its expansion contributes not only to the growth of gross domestic product but also to employment creation, household income generation, improved living standards, and the diversification of economic activity. In the context of increasing digitalization, technological transformation, and changing consumer demand, the role of services is becoming increasingly significant. Therefore, creating an effective organizational and economic mechanism for the sustainable development of the services sector represents an important scientific and practical task.

The development of the services sector depends on a combination of institutional, economic, financial, technological, and organizational factors. An effective institutional environment creates favorable conditions for entrepreneurial activity, while broader access to investment and financial resources enables service enterprises to expand their activities and introduce modern technologies. At the same time, digitalization is transforming traditional service delivery models and creating new opportunities for online commerce, financial services, education, healthcare, transportation, tourism, and other areas. Consequently, the competitiveness of service enterprises increasingly depends on their ability to adapt effectively to technological and market changes and to make active use of emerging opportunities.

The services sector has substantial potential for further growth and diversification. Important areas for realizing this potential include the continued expansion and modernization of service infrastructure, more balanced territorial development of service enterprises, broader investment opportunities, wider use of advanced technologies, continuous improvement of professional competencies, and the enhancement of innovative activity across different segments of the sector. Consistent progress in these areas can contribute to strengthening the organizational and economic foundations of services sector development.

An organizational and economic mechanism should combine institutional regulation, financial incentives, investment support, infrastructure development, human capital formation, digital transformation, and innovation-oriented measures. The effectiveness of this mechanism largely depends on coordinated cooperation among government institutions, private enterprises, financial organizations, investors, and other stakeholders. In this regard, its further improvement should focus on creating increasingly favorable conditions for entrepreneurship, promoting healthy competition, improving service quality, and ensuring efficient use of available resources.

The relevance of this study is also determined by the need to identify prospective directions for the further development of the services sector. Particular attention should be given to expanding digital services, encouraging investment activity, supporting small and medium-sized service enterprises, developing modern infrastructure, improving professional skills, and introducing innovative business models. These measures can strengthen the sector's contribution to sustainable economic growth, enhance its competitiveness, and increase its capacity to respond flexibly to evolving market conditions.

The main objective of this study is to examine the organizational and economic mechanism of services sector development and develop scientifically grounded directions for its further improvement. To achieve this objective, the study focuses on identifying the major factors influencing the development of services, assessing existing organizational and economic conditions, determining promising opportunities for further advancement, and substantiating prospective directions for increasing the efficiency and competitiveness of service activities.

The practical significance of the research lies in the possibility of applying the proposed organizational, financial, institutional, and technological measures to further improve the functioning of the services sector. The implementation of these measures can contribute to expanding service activities, increasing employment, attracting investment, accelerating digital transformation, encouraging innovation, and creating favorable conditions for the sustainable and prospective development of the sector.

LITERATURE REVIEW

The development of the services sector has increasingly become a central issue in contemporary economic research because services are now recognized not only as supporting activities but also as an important source of productivity growth, employment, innovation, and structural transformation. Recent international research demonstrates that the expansion of services can create broad opportunities for economic development, particularly in developing and emerging economies. The World Bank emphasizes that services-led development has gained importance because digital technologies have expanded opportunities for scale, innovation, remote delivery, and intersectoral spillovers. In developing economies, services already account for a substantial share of both GDP and employment, indicating their growing contribution to structural transformation [1].

Nayyar, Hallward-Driemeier, and Davies argue that technological change has significantly transformed the traditional characteristics of service activities. According to their research, digitalization enables service providers to reach larger markets, improve productivity, develop new business models, and generate positive spillover effects across other sectors of the economy [2]. This approach is particularly relevant to improving the organizational and economic mechanism of the services sector because it shifts the focus from the expansion of service volumes toward productivity, innovation, competitiveness, and technological modernization.

The relationship between digitalization and services-sector development has also been examined by international organizations. The OECD emphasizes that digital transformation increasingly contributes to productivity, business dynamism, innovation, and regional economic performance. Digital technologies, artificial intelligence, information and communication technologies, and other technological innovations create diverse opportunities for firms and regions; therefore, institutional conditions, human capital, infrastructure, and enterprises' capacity to adopt new technologies represent important determinants of productivity growth [3]. This suggests that an effective organizational and economic mechanism should combine technological advancement with supportive institutional and human-capital policies.

The OECD's productivity research further indicates that differences in firm productivity are closely associated with firm size, management quality, workforce skills, innovation, and the use of digital technologies. In particular, smaller firms operating in business services can demonstrate significant competitive advantages through the intensive use of ICT, innovation, specialized knowledge, and intellectual property [4]. This finding is important for the development of the services sector because small and medium-sized enterprises constitute a significant share of service activities and can serve as important sources of employment, innovation, and entrepreneurial dynamism.

The regional dimension of services-sector development has received increasing attention in recent research. The OECD Regional Outlook emphasizes that technological change creates diverse development opportunities across territories and that regional productivity can be strengthened through technological capabilities, business dynamism, innovation, and the effective concentration of economic activities [5]. Therefore, regional services-sector development can benefit from differentiated policies that take into account local infrastructure, human resources, market capacity, entrepreneurial activity, specialization, and technological readiness.

The experience of Uzbekistan demonstrates the growing economic importance of services. According to the National Statistics Committee, the share of services in Uzbekistan's GDP reached 43.4% in 2023, while gross value added generated in the services sector amounted to 437.8 trillion soums and increased by 6.8% in real terms compared with the previous year [6]. These indicators demonstrate that the services sector has become one of the major components of the national economy and highlight the importance of further strengthening its institutional and organizational framework.

The World Bank's analysis of Uzbekistan provides further evidence of the importance of services-led development. The report *At Your Service? The Promise of Services-Led Growth in Uzbekistan* identifies services as a major driver of economic growth, employment, productivity, and investment. It also highlights promising directions for further development, including improvement of the business environment, enhancement of competitive conditions, productivity growth, and attraction of investment into service subsectors [7]. Particular attention is given to digital connectivity and export-oriented, knowledge-intensive services as important elements of future growth.

The World Bank's current program on services development in Uzbekistan also emphasizes that the sector has significant potential for creating quality employment, attracting domestic and foreign investment, and increasing exports. The research agenda focuses on further improving the business environment, strengthening competitive advantages, enhancing regulatory efficiency, increasing productivity, and promoting technology adoption [8]. This approach supports the view that the organizational and economic mechanism of services-sector development should simultaneously incorporate regulatory, financial, technological, and institutional components.

The development of the services sector has also become an important element of Uzbekistan's regional

economic policy. National policy documents and government initiatives have increasingly emphasized the creation of new service enterprises, employment opportunities, infrastructure development, and preferential financing. In particular, the 2022 government initiatives identified services as a sector with strong potential for rapid job creation and emphasized the development of consumer services, vocational training, infrastructure, and preferential financial resources [9]. This demonstrates the gradual formation of an integrated support mechanism aimed at strengthening the sustainable development of service activities.

Recent statistical evidence also illustrates the diverse territorial characteristics of services-sector development. For example, in January–September 2023, the share of services in Uzbekistan's GDP reached 44.2%, while regions demonstrated different levels and structures of service activity [10]. Such territorial diversity highlights the importance of taking into account regional specialization, infrastructure, consumer demand, entrepreneurial activity, and access to digital technologies when improving the organizational and economic mechanism.

The literature also highlights the important role of innovation and digitalization in expanding the development potential of service activities. Research on the post-pandemic transformation of the services sector shows that digital technologies have become increasingly important for business continuity, market access, flexibility, and adaptation to changing consumer behavior [11]. The expansion of e-commerce, fintech, online education, digital healthcare, logistics platforms, and other technology-based services demonstrates that digital transformation represents not only a technological process but also an important organizational and economic transformation.

Recent research specifically focused on Uzbekistan further confirms this tendency. Studies of the digital transformation of the Uzbek services sector emphasize the role of ICT, fintech, and e-commerce in structural modernization, productivity growth, and market expansion. These developments indicate a gradual transition from traditional service activities toward increasingly knowledge-intensive and technology-driven service models [12]. This direction creates favorable opportunities for further improving existing organizational mechanisms and adapting them to the evolving requirements of the digital economy.

At the same time, the literature demonstrates that the effectiveness of digital transformation can be further strengthened through the coordinated development of infrastructure, qualified human resources, supportive institutional conditions, healthy competition, access to finance, and enterprises' innovation capacity. Therefore, the organizational and economic mechanism can be considered an integrated system involving institutional regulation, financial support, investment incentives, infrastructure development, human capital, innovation, digitalization, and market competition.

The review of the literature shows that previous studies have made significant contributions to understanding the role of services in economic growth, productivity, employment, digital transformation, and regional development. Existing research provides a strong theoretical and empirical foundation for developing a more integrated approach that simultaneously considers the organizational, institutional, financial, technological, and territorial dimensions of services-sector development. In particular, the combined consideration of digitalization, productivity, investment, employment, infrastructure, innovation, and human capital creates opportunities for forming a comprehensive organizational and economic mechanism that can further strengthen the efficiency and competitiveness of the sector.

Therefore, this study seeks to contribute to the existing literature by substantiating the main components of an improved organizational and economic mechanism for services-sector development and identifying prospective directions for increasing its efficiency, competitiveness, sustainability, and long-term development potential.

RESEARCH METHODOLOGY

This study employs systematic, comparative, statistical, and analytical approaches to examine the organizational and economic mechanism of services sector development and to identify prospective directions for its further improvement. The methodological framework is designed to assess the interaction between institutional, economic, financial, technological, and organizational factors influencing the development, efficiency, and competitiveness of the services sector.

The empirical basis of the research consists of statistical indicators characterizing the services sector, including the volume and growth rate of market services, the sector's contribution to gross regional product, the number of operating service enterprises, employment, investment activity, and the development of digital and service infrastructure. Official statistical data and relevant analytical materials are used as the primary information base.

At the first stage, dynamic and comparative analyses are applied to identify changes in the volume and structure of services over time. Absolute changes, growth rates, and structural shares are calculated to determine the main development trends. Particular attention is given to the specific characteristics of service

subsectors and territorial units, making it possible to identify areas with significant development potential and promising opportunities for further expansion.

At the second stage, structural analysis is used to assess the composition of the services sector. The shares of trade, transport, accommodation and catering, financial services, information and communication, education, healthcare, and other services are examined. This approach makes it possible to identify the sectors making the greatest contribution to overall services-sector growth, as well as areas with additional potential for organizational and economic development.

Finally, a system-based approach is used to formulate prospective development directions. The proposed mechanism integrates institutional regulation, investment support, infrastructure development, digital transformation, innovation, human capital, entrepreneurship, and public-private cooperation. On this basis, recommendations are developed to further improve the efficiency, competitiveness, and sustainable development of the services sector.

ANALYSIS AND RESULTS

The analysis of the services sector focuses on its contribution to economic growth, changes in service volumes, structural transformation, employment generation, investment activity, and the introduction of digital technologies. In recent years, the services sector has increasingly become an important source of economic diversification and sustainable development. Therefore, assessing its development requires consideration not only of quantitative growth but also of positive changes in its internal structure and the organizational and economic conditions supporting service activities.

The volume of market services is one of the key indicators used to assess the development of the sector. Its sustained growth reflects the expansion of consumer and business demand, increasing entrepreneurial activity, and the diversification of economic activities. At the same time, changes in the structure of services provide important information about evolving consumer preferences and the gradual transition toward more innovative and technologically advanced forms of service provision.

Table 1.

Main indicators for assessing the development of the services sector

Indicator	Economic significance	Expected effect on sector development
Volume of market services	Characterizes the overall scale of service activities	Positive
Growth rate of services	Reflects the dynamics of sector development	Positive
Share of services in GRP/ GDP	Shows the structural importance of services	Positive
Number of service enterprises	Characterizes entrepreneurial activity	Positive
Employment in services	Reflects the sector's role in job creation	Positive
Investment in services	Determines opportunities for expansion and modernization	Positive
Digital service penetration	Characterizes technological modernization	Positive
Household income	Determines effective demand for services	Positive

The indicators presented in Table 1 demonstrate that the development of the services sector is multidimensional and encompasses both quantitative expansion and qualitative advancement. Growth in service output represents an important indicator of sectoral development, while improvements in productivity, infrastructure, digitalization, and human capital further enhance the quality and sustainability of this growth. Therefore, the analysis highlights the importance of combining quantitative expansion with qualitative modernization within the services-sector development mechanism.

In this context, further improvement of the institutional environment, expansion of investment opportunities, modernization of infrastructure, development of human capital, and enhancement of the technological capabilities of service providers can create favorable conditions for strengthening the efficiency and competitiveness of the sector. The coordinated implementation of these measures can support the transition toward increasingly

innovative, productive, and technologically advanced service activities.

An important result of the analysis is that different service activities possess distinct development characteristics and competitive advantages. Traditional services such as retail trade, transport, accommodation, and catering have strong links with household consumption, population density, and local market demand. At the same time, financial services, information and communication services, professional services, and other knowledge-intensive activities have considerable opportunities for further expansion through technological infrastructure, qualified human resources, investment, innovation, and digital solutions.

This structural diversity provides a basis for developing differentiated and targeted support measures that reflect the specific characteristics and development potential of individual service subsectors. The application of appropriately tailored organizational and economic instruments can contribute to achieving greater effectiveness, stimulating entrepreneurial activity, and strengthening the competitive advantages of each service activity. Accordingly, policy instruments can be designed in line with the distinctive characteristics, resource potential, and prospective development directions of individual service subsectors.

A conceptual assessment of the priority directions for the development of major service subsectors is presented below.

Table 2.

Priority directions for the development of major service subsectors

Service subsector	Main development factor	Key constraint	Priority direction
Trade	Consumer demand and entrepreneurship	Market competition and infrastructure	E-commerce and modern retail
Transport and logistics	Infrastructure and trade flows	Logistics capacity	Digital logistics systems
Accommodation and catering	Tourism and household demand	Service quality	Modernization and quality standards
Financial services	Digital technologies and income	Financial accessibility	Fintech and digital banking
ICT services	Human capital and infrastructure	Skills shortage	Digital and knowledge-intensive services
Education	Human capital and technology	Unequal access	Digital education
Healthcare	Investment and qualified personnel	Infrastructure	Digital healthcare and modernization
Professional services	Skills and innovation	Limited market capacity	Knowledge-based services

The table indicates that the prospective development of the services sector is supported by the coordinated interaction of economic, technological, and institutional factors. In particular, digital transformation can serve as a cross-cutting mechanism that connects different service subsectors and creates additional opportunities for improving efficiency, accessibility, and service quality. Investment also represents one of the most important factors shaping the long-term development capacity of the services sector. Investment resources enable enterprises to expand their facilities, introduce modern equipment and technologies, enhance service quality, and develop new and innovative forms of service delivery. Based on the identified development factors and existing opportunities, several priority directions can be proposed.

First, investment support mechanisms can be further enhanced. This includes expanding access to financing for small and medium-sized service enterprises, encouraging private investment, and further developing public-private partnerships.

Second, digital transformation can be promoted more actively. Service enterprises can benefit from the wider adoption of digital payment systems, online platforms, customer relationship management systems, automated management tools, and data-driven decision-making mechanisms.

Third, service infrastructure can be further modernized and expanded, particularly in territories with considerable potential for increasing access to contemporary services. Infrastructure development can enlarge

market capacity, improve accessibility, and create favorable conditions for the establishment and growth of new service enterprises.

Fourth, human capital development should remain an integral part of sectoral policy. Training and professional development programs can be increasingly aligned with emerging demand for digital, managerial, technical, and professional competencies.

Fifth, competitive advantages and service quality can be further strengthened. The expansion of service enterprises can be supported by measures aimed at improving quality standards, enhancing consumer confidence, increasing transparency, and creating favorable competitive conditions.

CONCLUSION AND SUGGESTIONS

The study confirms that the sustainable development of the services sector can be effectively supported through an integrated organizational and economic mechanism that combines institutional, financial, technological, infrastructural, and human-resource components. The analysis shows that the expansion of service activities contributes to economic diversification, employment creation, income growth, and the strengthening of regional economic competitiveness.

The effectiveness of the services sector is determined not only by the growth of service volumes but also by the quality of structural transformation and modernization. In this regard, particular attention can be given to the development of high-value-added, knowledge-intensive, innovative, and digital services. At the same time, traditional service subsectors can further strengthen their development potential through infrastructure modernization, investment activity, service-quality enhancement, and wider application of technological solutions.

The study demonstrates that investment attraction, digitalization, innovation, infrastructure development, and human capital can function as mutually reinforcing elements of the services-sector development mechanism. Expanding access to financial resources, supporting small and medium-sized service enterprises, developing public-private partnerships, and further improving institutional conditions can create increasingly favorable opportunities for sustainable sectoral growth.

Digital transformation is particularly important because it enables service enterprises to optimize transaction processes, expand market access, improve customer interaction, increase operational efficiency, and introduce innovative business models. Its effectiveness can be further enhanced through the continuous development of modern infrastructure and qualified human resources. Therefore, technological modernization can be accompanied by systematic professional training, institutional support, and the development of digital competencies.

Overall, further improvement of the organizational and economic mechanism through coordinated investment, institutional, technological, infrastructural, and organizational measures can contribute to increasing the productivity, efficiency, and competitiveness of the services sector. The proposed directions provide a strong basis for ensuring its sustainable, innovative, and prospective development while further strengthening the sector's contribution to regional economic growth, employment, entrepreneurial activity, and improvements in the quality of services.

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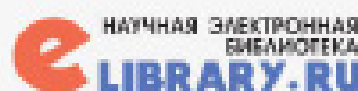
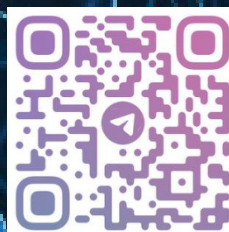
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