

**MODERN MANAGEMENT PRACTICES FOR IMPROVING SERVICE
COMPETITIVENESS**

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Annotation

This article provides a scientific analysis of the development trends of the service sector in Uzbekistan, the organizational aspects of service quality management, and the impact of human potential on the level of service quality. Based on recent statistical data, the dynamics of the growth in the service sector's share in the economy, employment indicators, and the number of enterprises are examined. The study concludes that improving service quality management is a key factor in enhancing economic efficiency and competitiveness.

Keywords

service quality, management, organizational structure, innovation, human capital, digital economy.

In the context of globalization and the digital economy, the service sector is becoming one of the fastest-growing sectors of the national economy. The level of public welfare and social stability is directly dependent on the efficiency of service enterprises. In recent years, the service sector has demonstrated stable growth within the structure of Uzbekistan's economy and has become an integral part of economic diversification and digital transformation processes. Improving service quality and the related organizational management mechanisms is currently a key factor in increasing economic efficiency, developing human capital potential, and ensuring social well-being. Services are provided to consumers on the basis of a contract concluded between the service provider and the consumer: a contract agreement for material services and a service provision contract for social and material services. The quality of services can be assessed through compliance with contractual obligations, including the range of services performed, deadlines, and quality requirements. Service quality is defined as the set of characteristics of service processes and service contracts that ensure the satisfaction of the consumer's established and anticipated needs.

All services provided must comply with the requirements of legal and technical regulatory documents. Service providers are required to comply with mandatory requirements related to service quality, safety for human health, the environment, and property, as established by state standards, technological regulations, sanitary and fire safety rules, and other regulatory documents.

The quality of services is determined by their consumer properties. The consumer not only observes the result of the service but, in many cases, also participates directly in the service delivery process, as services are often provided individually, taking into account the personal characteristics and needs of the consumer.

Service quality management is not merely a technical or organizational process; it is a comprehensive activity aimed at deeply understanding consumer needs, ensuring continuous improvement in service delivery, and enhancing competitiveness. Today, digital technologies, customer feedback systems, and international quality standards have become critical factors in service quality management. In the Republic of Uzbekistan, a number of reforms are being implemented to modernize the service sector, improve service quality, and introduce management systems aligned with international standards. This increases the need for scientific study and analysis of the specific features of quality management in service enterprises.

Table 1
Key Indicators of the Service Sector in Uzbekistan (2020–2024)
(Fergana Region)

| No. | Indicator | Period | Value |
|-----|---|--------------------|----------------------|
| 1. | Volume of services | January–June 2024 | 14,779.8 billion UZS |
| 2. | Number of service enterprises/organizations | As of July 1, 2024 | 27,651 units |
| 3. | Share of small business entities among operating enterprises | As of July | 1, 2024 67.7% |
| 4. | Services per capita | January–June 2024 | 3,622.4 thousand UZS |
| 5 | Share of service enterprises in the total number of enterprises | January–June 2024 | 35.6% |

The significant growth in the volume of services during the first half of 2024 indicates an expansion of the regional service base and increasing demand. The high share of small businesses reflects strong entrepreneurial potential in the service sector, while the rise in per capita service volume suggests higher service standards and improved quality. The considerable share of service enterprises in the overall enterprise structure highlights the importance of enhancing service quality management systems, employee qualifications, and customer satisfaction mechanisms. In the 21st century, the development and implementation of innovative technologies in production and circulation sectors, along with new methods of enterprise organization and management, have become key factors of market competition and powerful tools for increasing operational efficiency and improving the quality of goods and services. In the modern economy, the role of the service sector is closely linked to the formation of fundamental drivers of economic growth, such as new scientific knowledge, intellectual capital, information technologies, financial services, and consulting. Consequently, large-scale scientific, technical, qualitative, and structural changes in the service sector, which plays a vital role in economic development and improving living standards, are becoming increasingly relevant. This requires the formation of new mechanisms for social development based on human potential, the resources consumed, and new requirements imposed on services provided.

One of the key factors in this transition is the development of a knowledge-based and high-technology economy that includes education, high-tech healthcare, research and development, communications, and small industrial sectors. Without the implementation of innovations in these segments of the service market, it is impossible to achieve the main objective of innovation policy—improving the standard of living of the population. At present, improving service quality remains a pressing issue. Service quality is influenced by a number of factors, including the quality of labor performed by service employees, their level of qualifications and skills, the location of service enterprises, working schedules, and the availability and condition of modern equipment and technologies. To eliminate existing shortcomings in service enterprises and improve work quality and efficiency, attention should be paid to the following measures: – implementing structural changes in services; – more fully considering population needs; – preventing negative phenomena in the sector, including informal activities; – increasing the social significance of services; – developing entrepreneurship in the service sector; – forming new organizational structures in the sector.

The content of organizational support for employee activities in the service sector is determined by its structural elements and directions related to improving service quality. Organizational support for enterprise activities is carried out in two main directions: organizing the material elements of

labor and organizing the personal (human) elements of labor. The organizational support elements for service employees include: – operational and functional division of labor within structural units based on service types; – modern organization of workplaces; – development of service standards; – creation of appropriate service conditions; – selection, training, and professional development of sector-specific personnel; – material incentives for labor; – organization and improvement of social labor relations; – ensuring high professional skills and service culture; – strict adherence to discipline in service delivery. In addition, the service sector faces an acute personnel problem. Low employee qualifications, weak service ethics, and insufficient communication culture lead to customer dissatisfaction across many types of services. High staff turnover, weak social incentive systems, and unsatisfactory working conditions reduce employee motivation, which directly affects service quality and customer satisfaction levels. Insufficient consideration of employee opinions, initiatives, and needs by managers leads to indifference within the system and significantly reduces overall performance. Lagging behind in the use of technology also poses a major obstacle to effective service management. In the digital era, it is difficult to imagine efficient management without information technologies. However, many organizations have not fully automated service processes, do not adequately collect customer data, and have not implemented modern CRM (Customer Relationship Management) systems. As a result, managers are often forced to make important decisions based on general assumptions rather than complete and reliable data. Slow digitalization, insufficient attention to information security, and limited use of modern communication channels with customers (social networks, online chats, mobile applications) further reduce service quality.

Another important issue is the underdeveloped culture of considering customer feedback in service management. In many cases, customer suggestions and complaints are reviewed superficially, and responses are formalistic. Such an approach reduces customer loyalty and undermines trust in service enterprises. In today's competitive environment, maintaining high-quality and continuous communication with customers is essential. Regular analysis of customer needs, development of service offerings based on customer feedback, and active involvement of customers as partners should become integral components of modern management. Another overlooked aspect in service management is the failure to consider local conditions and cultural characteristics. Differences in demographic, economic, and cultural contexts across regions affect service demand and consumer behavior. However, many service systems operate based on a single standardized model. For example, service types or communication styles suitable for urban populations may be unacceptable in rural areas. Ignoring these factors can result in ineffective or unnecessary services. The challenges encountered in service management are complex and multifaceted, and they are closely interrelated. Without in-depth analysis of these problems, achieving sustainable sectoral development is difficult.

Currently, the ongoing development of the service sector in Uzbekistan and the resulting deepening of labor specialization necessitate improving the professional training and quality of personnel. In the context of a market economy, training qualified workers, enhancing labor potential, and raising quality indicators to international standards are becoming increasingly important. The primary factor in improving service quality in service enterprises is the level of employee qualifications and professional competence.

Analyzing the qualitative composition of personnel is necessary to forecast quantitative and qualitative staffing needs and to design measures ensuring compliance with structural requirements, including recruitment, hiring, training, adaptation, professional development, horizontal and vertical mobility, and dismissal processes. In conclusion, the problems arising in service management affect not only individual enterprises and organizations but also the overall efficiency of the economic

system. To improve service management efficiency, management systems should primarily be oriented toward the human factor, placing service quality and customer needs at the center. Modern management technologies, analytical tools, and data-driven decision-making approaches are of great importance in this regard. By improving internal management systems and elevating external communication and service culture, service enterprises can contribute not only to economic growth but also to social stability.

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