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Organizational and Economic Aspects of Increasing The Competitiveness of Service Enterprises Mechanisms

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Abstract: The competitive advantage of service enterprises is vital for their success in modern market economies. Effective management of competitiveness through organizational and economic mechanisms is essential in maintaining long-term viability in a rapidly evolving market. This is particularly relevant in Uzbekistan's service sector, where globalization and technological advancements have intensified competition. Service enterprises must leverage strategic management, innovation, and resource optimization to gain and sustain competitive advantages. Although various theories exist on competitive advantage, including Porter's framework and the resource-based approach, a detailed analysis of integrated organizational, economic, and marketing mechanisms tailored to the service industry remains underexplored. This study aims to identify and evaluate the key strategies for enhancing the competitiveness of service enterprises in Uzbekistan. It explores how competitive advantages are formed through cost leadership, differentiation, and specialization strategies, focusing on the service sector's unique characteristics. The research highlights that integrating organizational, economic, and innovative mechanisms leads to sustainable competitive advantage. Key strategies such as cost optimization, service differentiation, and digital transformation were identified as critical factors in strengthening competitiveness. This study offers a comprehensive approach that incorporates modern management theories with industry-specific factors to develop effective competitive strategies for service enterprises. The findings suggest practical recommendations for service enterprises, including the adoption of flexible pricing systems, digital service enhancements, and workforce training. Further research could explore the application of these strategies in different regional contexts.

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1. Introduction

Today, service enterprises cannot actively compete in the market without using effective mechanisms for managing competitiveness. As a result, it is necessary to constantly improve methods and strategies for managing competitiveness and adapting to changing competitive conditions.

In a market economy, the successful operation of service enterprises largely depends on their ability to form and maintain a competitive advantage over the long term. Modern economic development processes, globalization and technological innovations are intensifying competition between entities operating in the service sector. In such conditions, enterprises are required to achieve superiority not only through the quality of

products and services, but also through management efficiency, organizational structure flexibility and rational use of economic resources.

The service sector, as a component of the economy, plays an important role in increasing the volume of gross domestic product, creating new jobs, and improving the quality of life of the population. At the same time, the issue of ensuring competitiveness in this sector is relevant not only at the microeconomic level, but also within the framework of macroeconomic policy. State programs aimed at developing the service sector in the Republic of Uzbekistan, measures to improve the business environment, and support small and medium-sized businesses create the necessary conditions for the formation of competitive advantages of enterprises.

Organizational and economic mechanisms for ensuring competitive advantage are understood as a set of measures aimed at, on the one hand, the effective organization of the enterprise's internal management system, optimization of production and service processes, and, on the other hand, pricing policies, marketing strategies, financial stability, and development of investment potential in line with market conditions.

The relevance of this study is that strategies for building competitive advantage for service enterprises often remain within the framework of general management recommendations, but the development of complex organizational and economic mechanisms taking into account the specifics of the industry has not been sufficiently studied. Therefore, a deep scientific analysis of the topic, the development of methodological recommendations based on modern management approaches and practical experience are of particular scientific and practical importance.

Literature Review

This is shown by Porter who argued that competitive advantage can be achieved through three main strategies: cost leadership, differentiation and focus [1]. In subsequent studies, the resource-based approach gained priority, interpreting the unique resources and capabilities of the enterprise as a source of long-term competitive advantage [2][3]. Kotler and Keller also identified service quality management, customer needs identification and brand value enhancement as strategic advantage factors in the concept of services marketing [4].

Uzbek scientists is devoted to the study of these problems in the scientific works of Pardaev M.K., Pulatov M.E., Muhammedov M.M., Zaynalov D.R., Mirzaev K.J., Tukhliev I.S., Aslanova D.Kh., Safarov B.Sh. and others. Also, problems such as economic resources, the formation of labor resources, and the socio-economic efficiency of labor were studied by Abdurakhmonov K.Kh., Abdurakhmonova G.K., and other scientists [5][6][7][8].

They consider the following factors to be key in increasing the competitive advantage of service enterprises: modernization of the management system, diversification of service types, introduction of digital technologies, development of qualified personnel, and development of strategies that are flexible to market conditions.

2. Materials and Methods

The methodology for this research is based on a comprehensive analysis of organizational and economic mechanisms aimed at enhancing the competitiveness of service enterprises, particularly in the context of Uzbekistan. A qualitative research approach was employed to gather insights into the development, implementation, and evaluation of competitive strategies within service enterprises. The study utilized a combination of literature review, case study analysis, and expert interviews. The literature review examined relevant theories such as Porter's competitive advantage theory, the resource-based view, and the service marketing concept, providing a theoretical framework for understanding competitiveness in service enterprises. Case studies of successful service enterprises in Uzbekistan were analyzed to identify best practices and key success factors in gaining competitive advantage. Expert interviews with industry

professionals, managers, and academics were conducted to gain practical insights and perspectives on the challenges and strategies employed by service enterprises in the region. The data collected were analyzed thematically, identifying key organizational, economic, and marketing mechanisms that contribute to achieving and sustaining competitive advantage. Additionally, the study applied a comparative approach to evaluate the effectiveness of various strategies, such as cost leadership, differentiation, and specialization, in the context of the service sector. The research also involved a detailed examination of the service industry's response to market conditions, technological advancements, and globalization. The findings from this methodology are used to propose actionable recommendations for improving the competitiveness of service enterprises in Uzbekistan and to highlight areas for future research in the field.

3. Results and Discussion

From the analysis of the above scientific sources it follows that ensuring competitive advantage in service enterprises should be achieved not only through one direction, but through the integral integration of organizational, economic, innovative and marketing mechanisms. At the same time, the specific features of the service sector - directness, creation with the participation of the consumer - require special attention in the development of competitive strategies .

The competitive advantage of a service enterprise lies in the service component. is the result of carrying out several types of activities at once . Based on this, it is appropriate to conditionally divide competitive advantages into such types as minimum costs and specialization [9]. Achieving competitive advantage from the point of view of minimum costs is not only a lower cost of providing a service compared to competitors, but also the ability to develop and implement a service more efficiently.

It is also worth noting that the service provider x A company can gain competitive advantage by choosing one of the strategies, such as cost optimization or price strategy. When considering the types of competitive advantages , the most optimal strategy for ensuring and maintaining competitiveness is selected depending on the company's potential.

- a. The pursuit of cost-effectiveness in a service enterprise (cost leadership strategy) offers the highest quality services within a specific range of services.
- b. Search for ways to differentiate the services provided from those of competitors (differentiation strategy). A distinctive feature of a service enterprise is its competitive advantage, as a result of satisfying their needs through the services they provide is the ability to dominate over a rival enterprise .
- c. The concentration strategy is implemented by enterprises with limited resources with the aim of gaining a significant share of one or more market segments, rather than a small share of a larger market, assuming that it is advisable to focus on a clearly targeted segment rather than the entire market, see Figure 1.

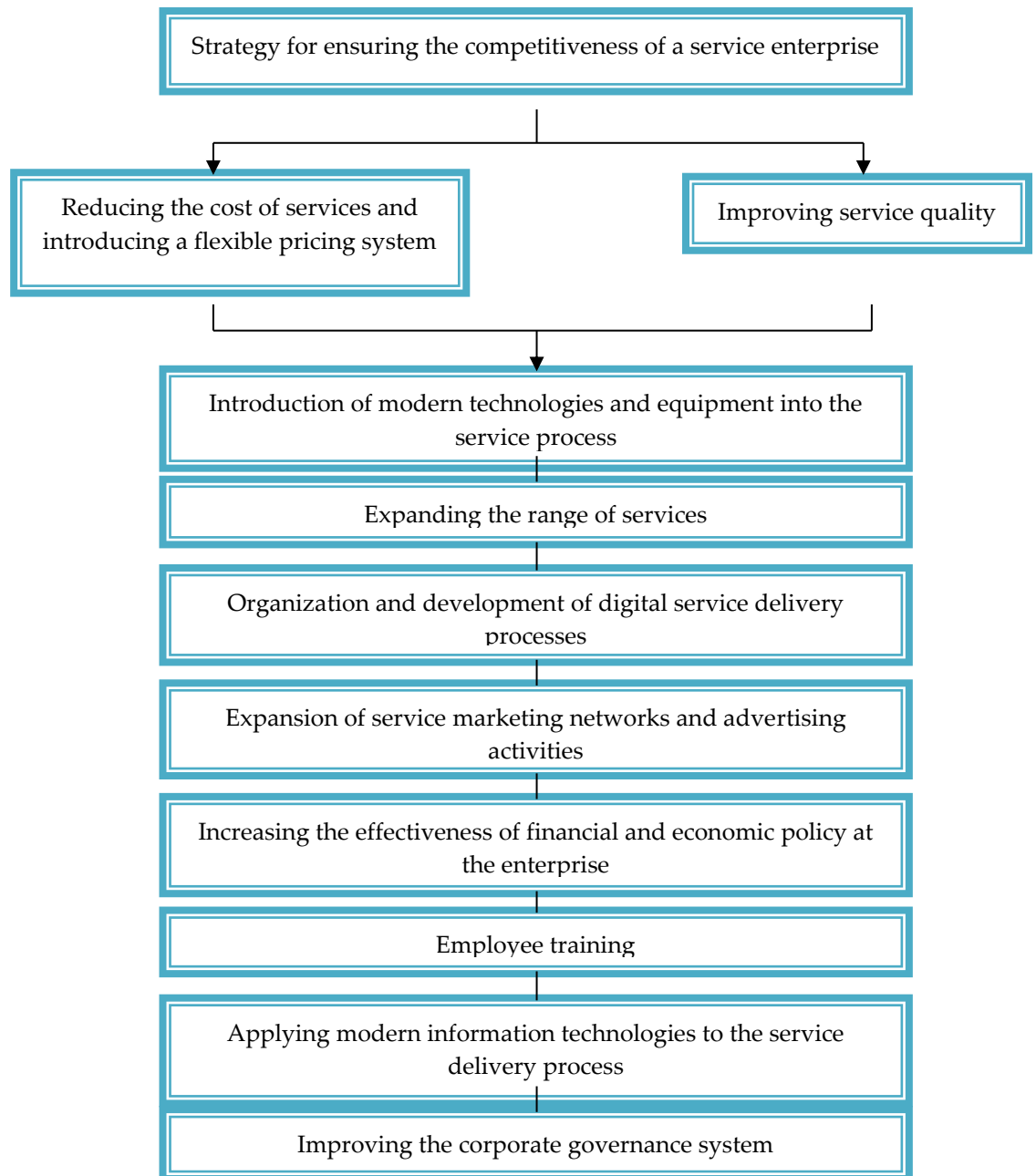


Figure 1. Objectives of a service enterprise's strategy for achieving competitive advantage.

As a result of combining these strategies , after developing a service enterprise and successfully introducing services, another strategy can be implemented to stabilize competitive advantage. Specialization of a service enterprise in the production of certain services leads to an increase in the company's income and an improvement in the quality of the services provided. This ensures high profitability of the enterprise.

Competitive advantages are also divided into low and high-order advantages. If the advantages of low-order advantages include cheap labor, access to raw materials and energy, then their instability and easy loss (increase in wages, prices, use of cheap resources) are considered disadvantages of low-order competitive advantages [10]. High-order competitive advantages of an enterprise are unique goods and services, technology, specialists and corporate image, which are competitive due to high prices and economic and legal barriers to entry for competitors (patents, expensive equipment).

In modern conditions, the general classification of enterprise competitiveness is mainly determined by the price and quality of services, which constitute the basic elements of competitiveness. Research shows that today, price-based competition in the services market is gradually giving way to quality competition. In our opinion, strategic decision-making in the context of increasing the efficiency of the structural divisions of a service enterprise should be based on the following: attracting and developing internal reserves through the effective use of existing resources in the enterprise; introducing innovations and managing investment activities; managing the resource potential of the enterprise; effectively using and managing information technologies; developing an optimal strategy with increasing the competitiveness of services based on the feasibility of increasing the effectiveness of advertising activities and expanding the range of services; developing human capital and managing organizational culture [11].

In conclusion, one of the main issues in managing the competitiveness of a service enterprise is the coordination and coherence of the above organizational processes, which allows for the introduction of a new management structure and increasing its flexibility; the development of a self-regulation mechanism; the development of optimal pricing principles and reduction of service costs; the formation of an organizational structure that meets market demand; the stimulation of innovative activity; and the comprehensive study and assessment of consumer demands and needs.

An enterprise can choose various methods and paths to increase its competitiveness. If an enterprise has not decided on a competitive strategy, it is an indication that it does not want to choose the path in which it wants to compete. Such enterprises will not have sufficient market share, they will not have enough investment, and such enterprises will almost certainly have low profits.

Competitive strategy is a tool in the hands of enterprise managers that allows them to achieve the goals they set for themselves. In order for the competitive struggle to be conducted thoughtfully, it is necessary to develop a competitive strategy, draw up a plan for its implementation, and analyze the results of the plan's implementation [12]. The developed plan for the implementation of the competitive strategy helps all employees of the service enterprise clearly understand what function they should perform when working with each segment of the market and how to behave in response to specific actions of competitors. In other words, it creates conditions for the coordinated work of managers of various departments to achieve common corporate goals, and the enterprise's actions in the market become interconnected and purposeful.

One of the most common strategies for managing the competitiveness of a service enterprise is the "market penetration" strategy [13]. The use of this strategy is justified if the enterprise management believes that the existing service market is not yet fully saturated with a certain type of service and expects an increase in the share of sales of its services in this market. In such a situation, the "market capture" strategy can be chosen, while simultaneously squeezing out the weakest competitors. The use of this strategy can lead to competitive advantages in terms of the "price-quality" position of services.

The use of the "service development" strategy is recommended if the enterprise has a sufficiently large number of competitors in the industry and the products (services) of competitors are of higher quality at a comparable price [14]. In this case, management is tasked with finding new ways to improve the quality of services and adjusting the costs of providing them accordingly in order to increase competitiveness.

The "diversification" strategy can be manifested in two directions. The first is the activity of the enterprise aimed at creating both new types of services and previously produced services. The second direction implies the goal of entering new markets for services. Also, no matter in which direction the service enterprise moves, the production of previously in-demand types of services is considered competitive in the services market [15]. The main advantage of this strategy is that in conditions of economic instability,

regardless of the field of activity, the activities of enterprises are inherent in a certain risk, and using the "diversified growth" strategy allows the enterprise to be less vulnerable and dependent on the unpredictable external environment.

The "negative" growth strategy can only be conditionally included in the list of competitive strategies, since it involves reducing the volume of services provided and retraining enterprises to new types of services and, accordingly, retraining employees, as well as moving to new markets.

Thus, each enterprise, depending on the current situation and operating conditions, chooses one or another optimal strategy to increase competitiveness.

The processes of implementing a strategy to increase the competitiveness of a service enterprise are complex, as they are innovative in nature, imply an individual approach, and cover all aspects, from issues of improving the quality of services to personnel management.

Ensuring competitiveness at different levels of service enterprise management requires specific tasks. At the operational level, direct competitiveness is guaranteed by improving the quality of services and responding quickly to customer needs. At the tactical level, measures are taken to increase the enterprise's market share, stable revenue flow, and the efficiency of internal processes. At the strategic level, the goal is to increase the value of the enterprise, form long-term development directions, and ensure sustainable competitive advantages. Based on scientific research, we can make the following practical suggestions.

Diversification of the range of services - introducing new types of services that are in high demand in the market and modernizing existing services.

Ensuring financial stability - optimizing costs, applying a flexible pricing policy, and finding additional sources of income.

Human resource development – introducing regular training courses, advanced training programs, and motivation systems for employees.

Strengthening marketing and branding strategies - organizing advertising campaigns that promote the quality and image of services, and active work on social networks.

Market segmentation and entry into new markets – identifying target audiences, targeting services to new regions and consumer groups.

Accelerating digital transformation – digitizing all stages of service delivery, optimizing management decisions through data analysis.

4. Conclusion

In addition, the competitiveness of service enterprises will be further strengthened by creating favorable conditions for the production and sale of services, using existing resource potential with high efficiency, achieving a strong and favorable position in the market, entering new market segments, and forming the ability to respond quickly and flexibly to customer demand. In this process, the integrated application of marketing and advertising strategies, constant monitoring and improvement of the quality of services, as well as the introduction of advanced digital technologies into service processes are of great importance.

As a result, the developed organizational and economic mechanism allows service enterprises not only to gain competitive advantage in existing markets, but also to effectively exploit new market opportunities, implement long-term sustainable development strategies, and form a flexible management system in an internal and external competitive environment.

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