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# Improving the Management Mechanism of Service Enterprises

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*Arabov Nurali Uralovich*

*Professor, Doctor of Economics, Samarkand State University*

*Ismailov Baxit Abdireymovich*

*Karakalpak State University*

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**Abstract:** This article describes the improvement of the management mechanism of service enterprises, the organization of management decisions and the activities of the manager and his staff, the principles of implementation of management decisions in the field, the stages of decision-making and implementation, implementation and control of decisions, the role of the manager in the decision-making process and the specifics of improving management efficiency in service enterprises are studied.

**Keywords:** service sector, service process, efficiency, management decisions, economic growth, control, management strategy, internal factors, external factors.

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## Introduction

The expansion of the service sector is also affecting the change in the GDP structure of developed countries. Today, the main criterion for the inclusion of a particular country in the list of developed countries is that the share of the service sector in its GDP is higher than 65-70%. At the current stage of economic development of the country, the requirements for the number and quality of services are growing.

At present, the level of socio-economic development of the world as an important criterion for assessing its effectiveness leads to both macroeconomic stability and economic growth, as well as an increase in living standards. In the post-industrial stage of development of countries, the role and place of factors of economic growth is changing, with the development of information and human capital as a factor of innovative development has become a key resource. Focusing directly on the human factor and potential is playing a crucial role in shaping the digital economy.

The results of the analysis of the dynamics of development of service enterprises of the country, including existing tools of public administration, revealed that enterprises need to develop recommendations to improve its efficiency and are directly related to the development of a new mechanism for its improvement.

Therefore, the research work expresses the interaction of technological elements of the sequence of management decisions and their implementation in the management process, which includes the steps that must be followed to achieve the goal. Improving the position and competitiveness of service enterprises in national and international markets and increasing the export of services in international markets through management decisions aimed at improving the quality of services is an important factor in achieving economic growth in the industry.

## Literature review

Development of service economy, economic growth, sustainable development of the service sector, improving the quality and competitiveness of services, efficient use of production factors in the service process, increasing social and economic efficiency, development of modern services, labor productivity, innovative development of the service sector fundamental research of problems Keynes J.M. [7], Marshall A. [10], Shumpeter Y.A., [17], Xaksever K., Render B., Russell R., Merdik R. [9], Katels M. [6], Okoye A. [11].

Socio-economic significance of the development of the service sector, description and classification of services, mechanisms for increasing socio-economic efficiency in service enterprises, effective use of labor in enterprises, increasing labor efficiency and productivity, full satisfaction of consumer demand through service intensity, service development factors and features of networks, research on service process management Arabov N.U., Artikov Z.S. [1], Belyaev K. K. [3], Teplitskiy V., Kostyukovskiy Yu. [14], Rubtsova N.V. [12], Vesnin V.R. [4], Tkachenko A.A. [15], Erofeeva A.P. [5], Barinov N.A. [2], Urakov J.R. [16].

The main purpose of the mechanisms for improving the management system of service enterprises is to form a mobile mechanism for managing enterprises in this area. At the same time, increase the economic efficiency of enterprise management in the process of developing this mechanism; increase the competitiveness of service enterprises; achieving socio-economic efficiency; The main tasks are to create conditions for the development of the market of services, as well as entrepreneurship, ensuring the convenience and popularity of services.

## Research Methodology

The study used a dialectical and systematic approach to the study of economic systems and ratios, complex assessment, comparative, comparative and factor analysis, statistical and dynamic approach and grouping methods to improve the management mechanism of service enterprises.

The study examines the stages of management decision-making and their implementation in service enterprises.

## Analysis and results

Improving the management mechanisms of service enterprises, which include key elements as key principles, methods, tools and indicators of achieving socio-economic efficiency, is based on a mechanism for decision-making and implementation that allows standardization and harmonization of management processes based on a logical plan.

The basis of the mechanism for improving the management system of service enterprises is the organization of management decisions and the activities of the manager and his staff. The process of making and implementing management decisions is a complex, continuous, and dynamic process that demonstrates the impact of a managed system on the management entity based on the use of a variety of methods and tools to achieve the stated goal. In service enterprises, management decisions were considered not only the main link of all management processes, but also the mainstay of the entire enterprise.

Management decisions are focused on creating a clear program for the entire management system to address the identified tasks and achieve the ultimate goal. A program created using management decisions is an interaction of technological elements in the sequence of making management decisions and their implementation. As a result, the deadlines for the implementation of decisions for the implementation of the tasks facing the executors, the responsible persons (executors) and their area of responsibility,

the criteria for assessing the level of implementation and achievement of the tasks.

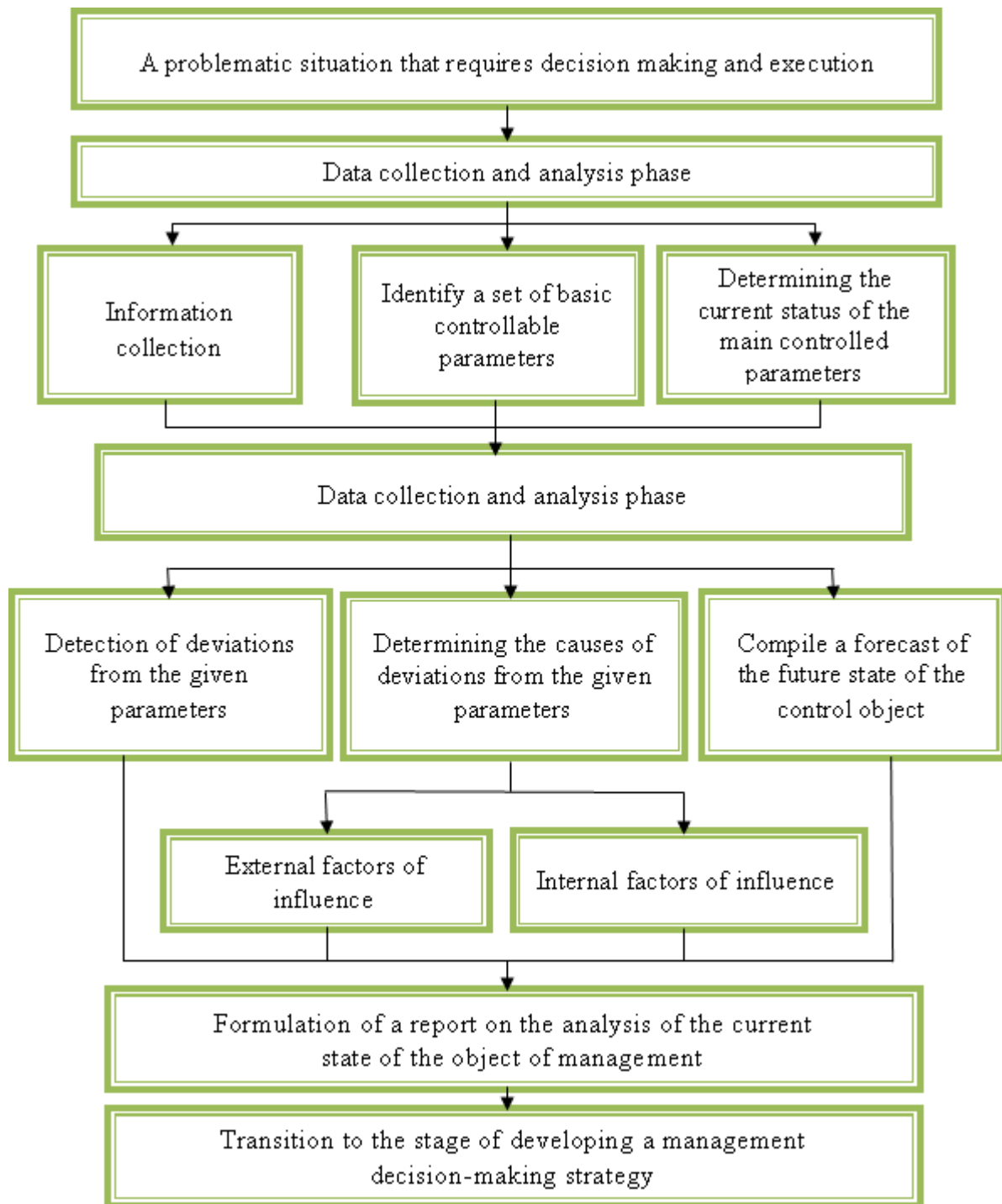
Any management decision is aimed at achieving the goal set by the management. It should be noted that any management decision is inextricably linked to the management process, i.e. the absence of management decisions means that the management process does not exist [5].

The interaction of technological elements of the sequence of decision-making and implementation of management consists of five stages aimed at improving the entire mechanism of management of the service enterprise: data collection and analysis; development of management decision-making strategy; preparation for management decision making; development and decision-making of management; implementation and control of management decisions. Let's look at each of the steps listed.

**The information collection and analysis** phase begins when the organization receives information about the existence of a problem situation that requires management decision-making and implementation to be resolved (Figure 1). In this case, we will consider in detail the set of actions to be taken. First of all, it is necessary to determine both quantitative and qualitative parameters that can be controlled simultaneously in the current state of the exact problem situation. Then the analysis of the quality indicators of the state of the controlled object is carried out, which includes the detection of deviations from the given parameters, the study of the causes of these deviations and forecasting on the surface of the future state of the controlled object. External factors such as consumers, suppliers, competitors, government agencies, as well as social, political, economic and technological factors, as well as internal factors reflected in the internal structure of the organization, its corporate culture and available resources may emerge as reasons for deviations.

If it is difficult to identify the causes of deviations, then the company may seek the involvement of external experts, who will be able to diagnose the conditions of the causes of deviations, formulate the problem, as well as classify and analyze it.

In practice, it is often difficult for managers to pinpoint the exact causes of this or that type of deviation and to what extent this problem can be relevant to the organization. Accordingly, in the service sector, this situation can be described as follows: violation of the project completion schedule may ultimately occur as a result of unequal distribution of responsibilities among the professionals implementing the project, and a decrease in sales of services may result from disputes in the sales department. An important aspect of the process of determining the causes of this or that type of deviation is to take into account the specific factor as a human factor, which is why it is important to use a differentiated approach to the identified problems in the analysis. helps to identify. The importance of this process is conditioned by the fact that recording evidence that a problem has arisen inside or outside the enterprise does not guarantee that its resolution will begin



**Picture 2. Stages of data collection and analysis in the decision-making and execution stages of management<sup>1</sup>**

automatically. This is because there may be three possible realities or feedback options for the problem that has arisen.

The first option of influence may be the absence of any action aimed at solving the problem. This is due to the fact that at the same time the company does not have the necessary capacity to solve the problem, or its solution leads to unjustified costs, or the inability to solve the problem in a timely manner, or the impact of the factors causing the problem. will be

<sup>1</sup> Created by the author.

significantly higher than the capacity to solve the problem.

The second option to respond to the problem that has arisen is to switch to using a pre-designed set of actions to solve it. The application of such a complex is aimed at solving problems that are to some extent specific to the enterprise. In this situation, a great deal of experience has been accumulated in solving problems that lead to management decisions being made quickly without the additional expense of developing and implementing them.

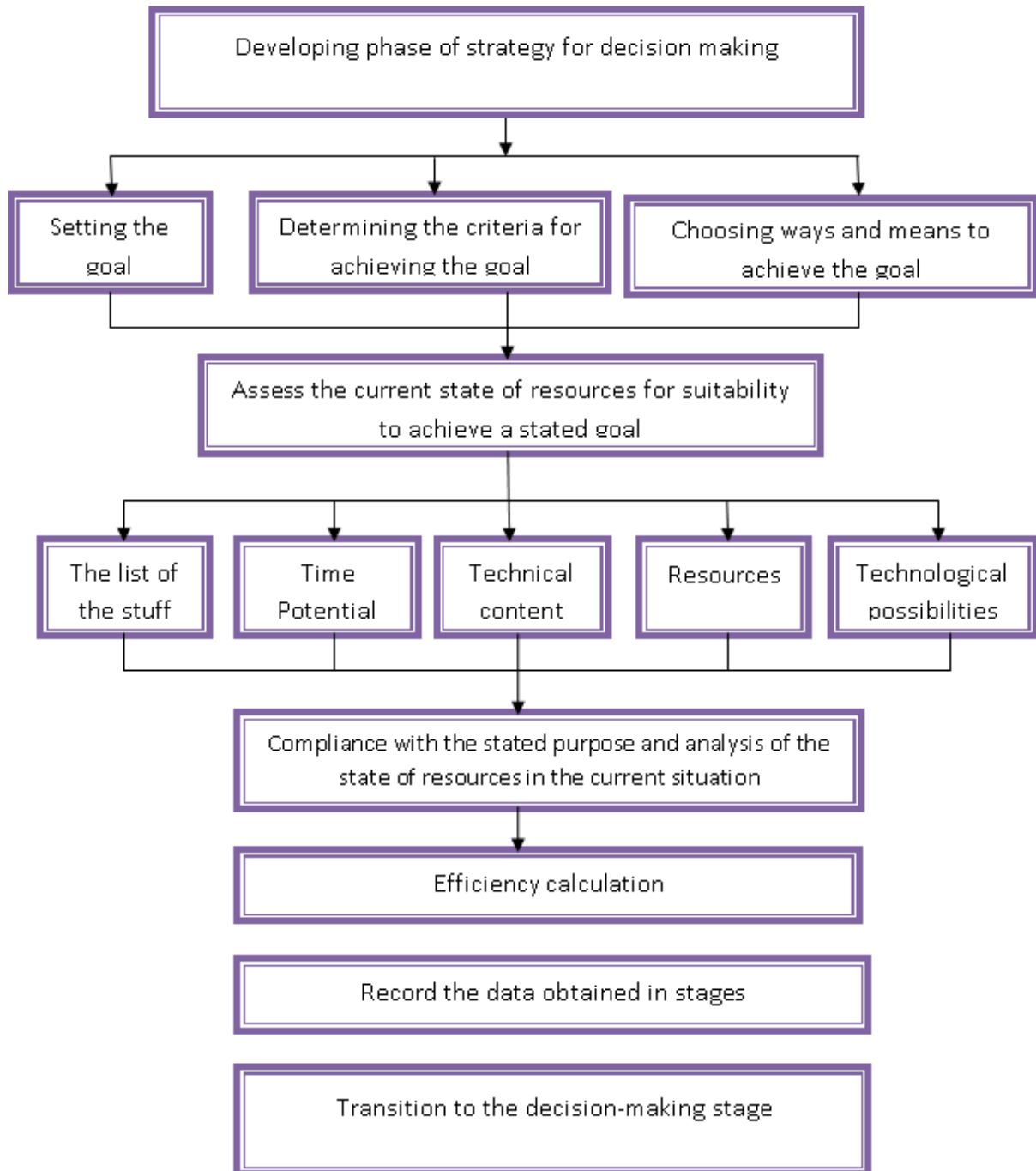
The third variant of exposure involves recording a record of the existence of a non-specific problem that needs to be addressed. In this case, the company is faced with the need to fully go through the stages of interaction of technological elements of the sequence of management decision-making and execution in order to solve this problem. At the same time, when working with these problems, special attention is paid to the degree of non-specificity of these problems. Accordingly, in practice, enterprises face some problems for the first time, but this problem may be common in the whole network, so it is necessary to obtain additional information about the methods tested and available in practice to solve similar problems in order to save time.

Once the specific type of problem has been identified and a forecast of the future state of the management entity has been developed, it is necessary to proceed to the next stage of formulating a report on the current state of the managed entity and developing a management decision-making strategy [6].

The stage of developing a management decision-making strategy is quite complex and at the same time represents a responsible process, as it involves setting goals, criteria for achieving them, and so on (Picture 2). At this stage, the development of a set of goals to be analyzed on a number of qualitative and quantitative indicators takes place, after which the main goal is set.

The most important aspect in the process of choosing the main goal is its justification in terms of the reality of the goal and its feasibility, after which the choice of ways and means to achieve the goal begins. An assessment of the current state of the resources is then made according to the level of adequacy to achieve the stated goal.

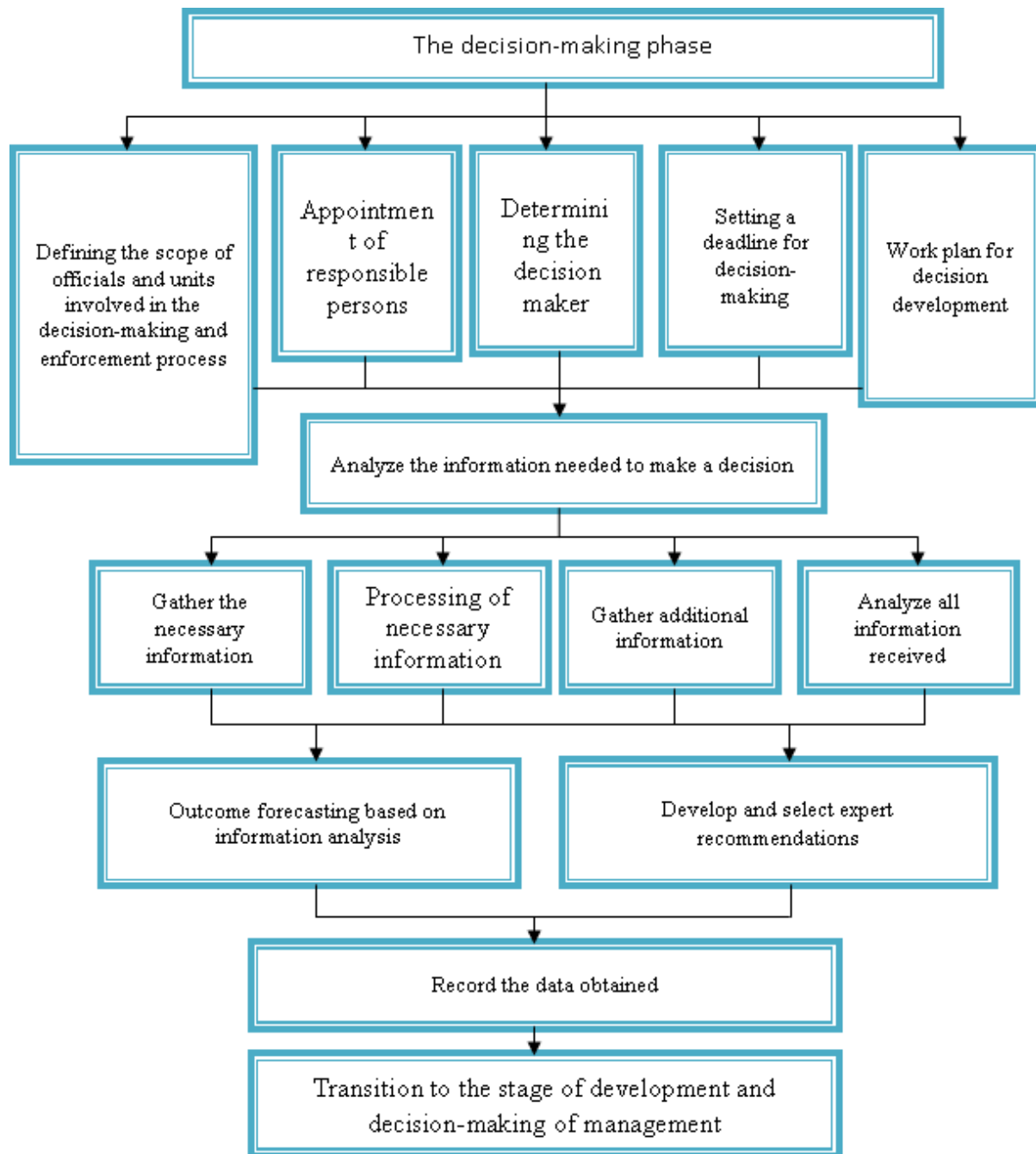
The main focus will be on staffing, time potential, technical content, resources and technological capabilities. After assessing the current status of the resources, their suitability for achieving the set goals is analyzed. If the current state of resources is not adequate to achieve the stated objectives, there is a need to reconsider the chosen management decision-making strategy. If the resources are adequate, the effectiveness of the goal is calculated, then the data obtained are recorded and the transition to the decision-making stage is made.



**Picture 2. The stage of developing a management decision-making strategy<sup>2</sup>**

The decision-making stage (Picture 3) represents a set of actions that must be implemented, including the definition of the scope of officials and business units that are required to participate in the decision-making and implementation of management decisions; appointment of responsible persons; appointment of the person who will make the final decision; setting deadlines for decision-making and, ultimately, the implementation of the action plan for decision-making. It is followed by an analysis of the information needed to make a management decision.

<sup>2</sup> Created by the author



**Picture 3. Management decision development phase<sup>3</sup>**

Here the collection of basic information, their processing, the search for additional information and the general analysis of the received information are carried out.

The information collected and analyzed at this stage should meet such characteristics as reliability, timeliness, authenticity and legal accuracy. What matters is how quickly the information is retrieved and how long it is stored, that is, how quickly it becomes obsolete. Because it depends on the final deadlines for the development and implementation of management decisions.

After the analysis of the obtained information, it is forecasted in terms of the degree of

<sup>3</sup> Created by the author

possibility to achieve the set goal, the impact of external factors and their impact on the final result. It is also effective in the process of preparing the decision to consult with experts in order to develop expert recommendations and select the most appropriate one. Relying on experts is justified when there is a need to increase the efficiency of management decision-making and obtain additional information. All information obtained during the preparation phase of management decision making is recorded and summarized in a summary report, which then moves on to the management decision development and adoption phase.

The stage of developing and making a management decision is the most important stage (Picture 4). At this stage, the development of decision options and their comparative analysis will be carried out, and all options of these decisions will be considered in accordance with the criteria of optimality and efficiency. Clearly, all options for decisions are made taking into account previously received timely and reliable information. In this process, it is important to follow a certain sequence in the development and consideration of each decision. Accordingly, decisions are analyzed from simple to complex, taking into account environmental factors that are complex, easily controlled and easy to control, and that require short-term and long-term implementation.

It should be noted that all decisions are made in three directions at the same time in order to save time and labor. For complex problems of high importance, the ability to have feedback is important when it comes to developing management decisions. Therefore, the process of searching for and analyzing alternative solutions can lead to a radical change both in terms of the causes of the problem and the possibilities of solving it.

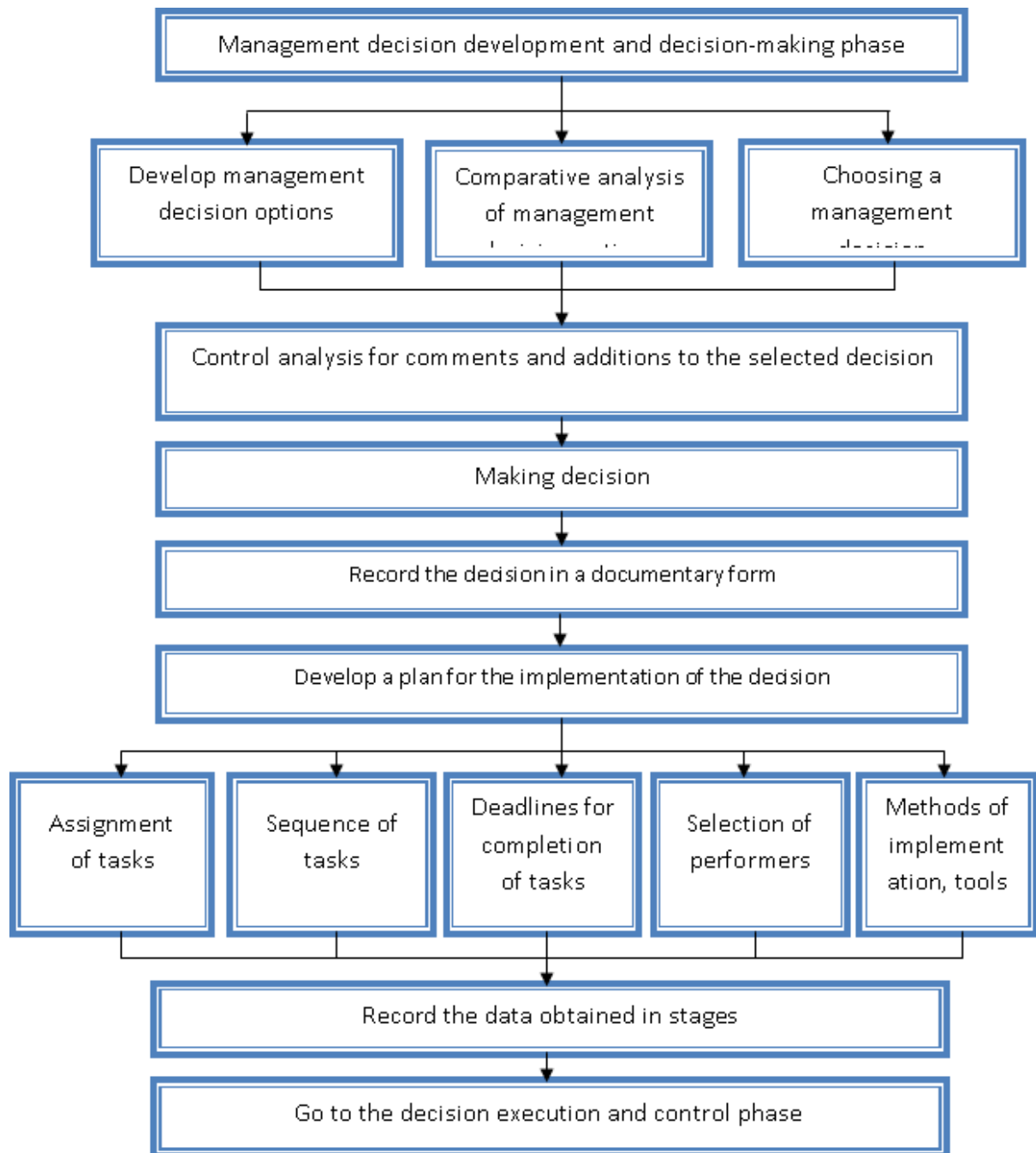
Also, in the process of comparative analysis of decision options, they are evaluated in terms of the necessary costs, planned results, implementation deadlines and the impact of external factors on the implementation of management decisions. Depending on the circumstances in which the problem to be solved arises, the firm's long-term behavioral strategy is formed in the process of choosing the final decision. This strategy can have two options: the first option is used in a stable external environment. In this case, a clear development diagram is developed that does not provide for any changes and corrections.

The second option is specific to solving problems in unstable external environmental conditions. In this case, the long-term firm's internal planning method is abandoned and all decisions are made only for short periods, with the feedback mechanism being of great importance, in connection with which the decision can be promptly reviewed and amended both the decision itself and its

implementation. will be available. The best will be selected based on the results of a comparative analysis of decision options.

A follow-up analysis of any corrections or input of the selected decision is then conducted. In practice, it is most effective to conduct such an analysis in a special meeting with company executives, project developers, highly qualified professionals and executors. In connection with such a meeting, it will be possible to review the draft resolutions from different points of view, make corrections and





**Picture 4. Management decision development and decision-making phase<sup>4</sup>**

additions, as well as gather the views of all participants on the proposed option. After that, the manager makes a direct management decision.

This can be done both individually and collectively, depending on the organizational structure of the enterprise where the decision of the management is made. The decision is recorded in a documentary form, including the purpose, methods and means of execution of the decision; responsible persons; implementation deadlines, etc. are mandatory. After the decision is documented in the organization, an order or instruction must be issued, on the basis of which it is possible to proceed to the development of a plan for the implementation of management decisions.

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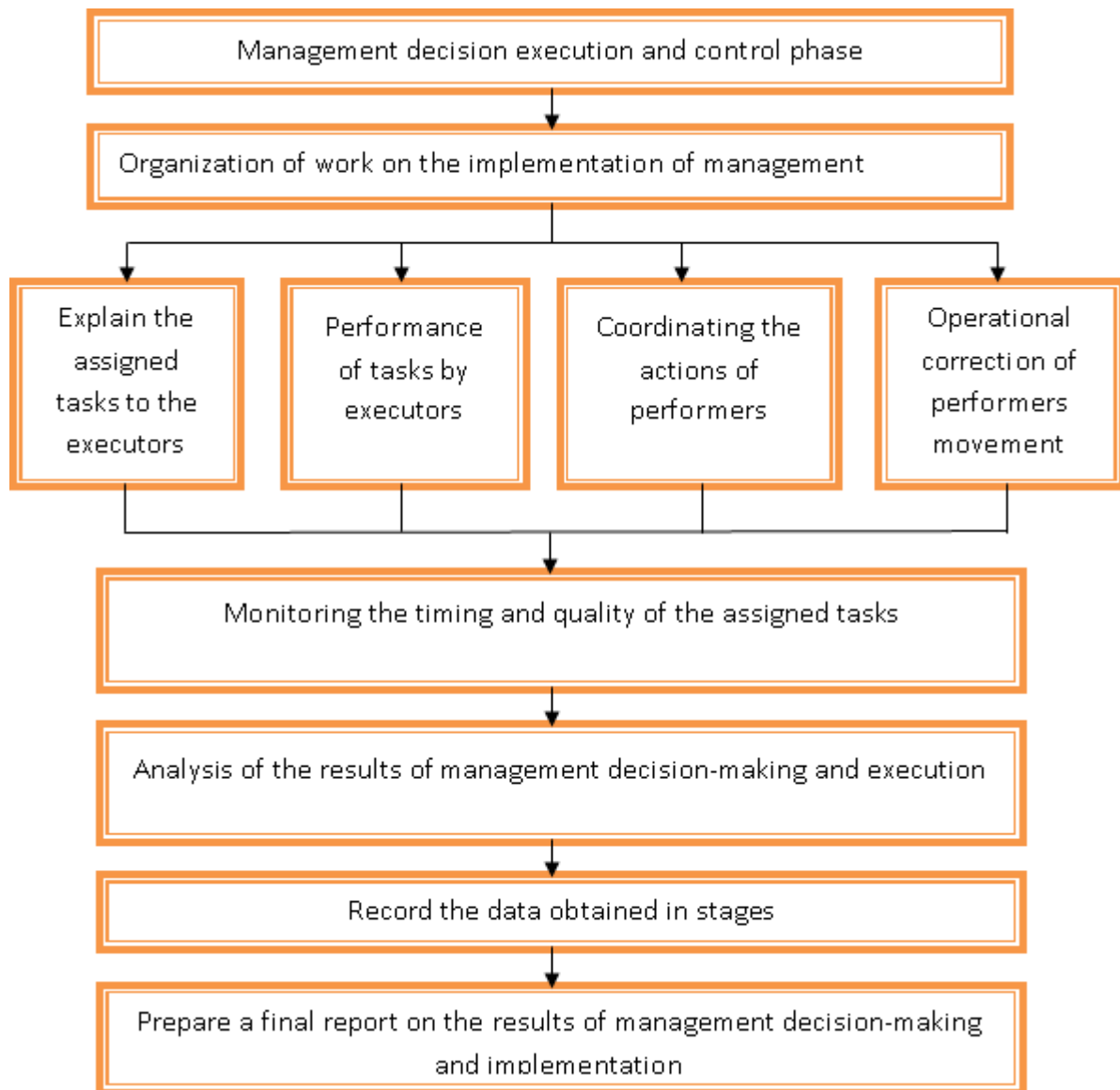
The management decision implementation plan should include: definition of tasks - a detailed description of all necessary actions to be taken to achieve the stated goal; sequence of tasks - the sequence of actions to achieve maximum savings of labor, time and other costs; deadlines - all time intervals for the performance of assigned tasks are specified, ie, a calendar plan for the implementation of all assigned tasks is developed; selection of executors - all assigned tasks are distributed among the executors; Task tips and methods - guidelines and recommendations are developed for each task. The developed plan of execution of the accepted decision is documented and then proceeds to the next stage [4].

The execution and control phase of the decision begins with the organization of work on the execution of the decision and includes the explanation of the tasks assigned to the executors, the implementation of the tasks assigned by the executors, coordination of actions of executors, operational correction of actions of executors (Figure 5). At this stage, it is also supported to forecast the implementation of the management decision in order to increase its effectiveness. In practice, the execution of a management decision can often be one of the most complex processes.

In the decision-making and execution of management decisions in a service enterprise, a significant amount of time is often devoted to planning the process, assigning and allocating responsibilities to responsible executors, often overlooking important issues such as motivation of executors. Because the degree to which these issues are resolved will depend on the degree of influence of the human factor, a specific important factor mentioned above, in the implementation of management decisions. [1].

After that, the quality and timing of the tasks will be monitored. Based on the information obtained during the monitoring process, a systematic analysis will be conducted, as well as a step-by-step plan for the implementation of the program in the next period of time, taking into account the given parameters and the impact of external factors. Based on the data obtained as a result of monitoring the quality and timeliness of the assigned tasks, the results of management decision-making and execution are analyzed. During the analysis, the presence or absence of deviations from the given parameters is determined, and in this regard, a conclusion is made as to whether additional management decisions are necessary or not. If the identified deviations are significant and require additional management decisions, then the period for making and implementing management decisions will resume from the first stage. If there are no deviations or their impact

is insignificant, the information obtained at this stage is recorded and includes the result achieved (problem solved), management decisions that receive information about the mechanisms and methods required and used to implement the decision, and a final report will be prepared on the results of the implementation. Once this report has been compiled, the unusual problem will now be the norm for the enterprise, and this report will become a workforce that can be used to address future issues of this kind.



**5-picture. Management decision execution and control phase<sup>5</sup>**

### Conclusions and Recommendations

An important aspect in the decision-making and execution of management decisions is the responsibility placed on the manager for the decision made and its consequences. Obviously, decision development takes up a significant portion of the time and resources in the process of making and implementing management decisions, but it should be noted that in practice, as mentioned above, it is the implementation of the decision that is the most labor-intensive, costly and complex stage.

The most important issue in management decision-making is how the manager is responsible for the outcome of the decision he or she makes, which becomes a critical issue if these outcomes have negative consequences that affect both the organization itself and elements of its external environment. And that is why management decisions should be taken into account in the decision-making process as a separate factor in the decision-making and implementation process - this is also a matter of the manager's responsibility for the outcome

<sup>5</sup> Created by the author.

of the decision. Accordingly, in the process of comparative analysis of decision options, at the stage of decision development and decision-making, the manager should assess the probable extent of responsibility in case of selection of one or another alternative decision.

One of the most common responsibilities of managers is administrative responsibility within the organization, the means of which is hierarchical control. Accordingly, the CEO is always accountable to the founders of the organization for the management decisions made by him.

Thus, the development of methodological approaches to the creation and determination of economic efficiency of the use of the management mechanism by service enterprises is based on the mechanism of decision-making and implementation of management decisions developed by the author to standardize the management process of service enterprises. management decisions can be made that allow for efficient use of resources. This management allows business entities to make rational decisions aimed at achieving the goals set for the enterprise, as well as to increase the efficiency of the service process and expand the structure of the competitive advantage of the business entity.

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